FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,679

Thursday January 21 1982

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

GENERAL

Another rail strike next week

The Aslef executive called another two-day strike for next Wednesday and Thursday despite the likelihood that British Rail and its unions will resume talks at Acas today on the train drivers' pay and productivity dispute.

All rail services were halted by the first day of Aslef's second two-day strike. No trains will run today or on Sunday. Eastern Region services are expected to be disrupted tomorrow by a guards' strike at Kings Cross. Back Page

Police chief stays

Chief Constable Ronald Gregory will not resign after criticism of the West Yorkshire Police Force's handling of the Yorkshire Ripper hunt.

Scotland's Solicitor General was reported as saying there was not enough evidence "to stand a chance of gaining conviction" in the case of a Glasgow woman allegedly raped by three youths.

Arms seized

Spanish police seized five tonnes of arms belonging to Basque guerrillas. The haul was said to represent almost the whole arsenal of the political-military branch of separatist organisation Eta. Page 2

McAliskey plea

Andrew Watson, 23, of Dunmurray, pleaded guilty in Belfast Crown Court to the attempted murder of former MP Mrs Bernadette McAliskey. Two other men pleaded not guilty.

U.S. tax hint

Doubling of U.S. excise tax was "far from being" the only option which President Reagan was considering for his 1983 Budget, White House Chief of Staff James Baker said.

Abortion reports

Several doctors have been reported to the Director of Public Prosecutions by the Health Department for allegedly failing to supply full medical reasons when carrying out abortions.

Heart transplant

Donal Nelson, 47, of Eastcote, Middlesex, received a new heart in a transplant operation at Harefield Hospital. His condition was reported as good.

Prisoners killed

Prison guards in India shot dead five prisoners and wounded 24 during an attempted jail break in the northern city of Bareilly.

Salvador battle

Thirty guerrillas were killed in a fierce battle with Government forces in south-eastern El Salvador.

KGB man dies

Semyon K. Tsvigun, second most powerful man in the Soviet KGB, has died at 64, Soviet television reported.

Peel power

Suzuki Motor Company tested motor fuel extracted from tangerine skins—and said a car and a motorcycle performed just as well as petrol-driven counterparts.

Briefly . . .

Michelin Guide's first three-rosette rating for a UK restaurant has gone to Le Gavroche in Mayfair, London. Back Page

Irish MP Tom Enright wants to extend the breath test law to cover pedestrians.

David Frost and his actress wife Lynn Frederick are expecting their first baby in August.

BUSINESS

Dollar firmer; £ off 1.05c

● DOLLAR closed at DM 2.308 (DM 2.295), SwFr 1.861 (SwFr 1.8475) and Y225.5 (Y224.5). It trade-weighted index improved to 109.1 (108.7). Page 32

● STERLING fell 1.05 cents at $1.8845. It finished at DM 4.3525 (DM 4.35) and SwFr 3.51 (SwFr 3.505). Its trade-weighted index closed at 91.4 (91.5) Page 32

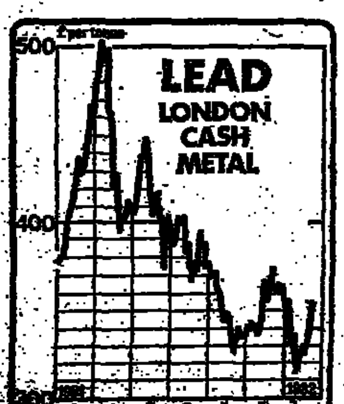
● GOLD closed $2½ lower at $373. Page 32

● GILTS extended their recent advance. The Government Securities index added 0.04 to 63.65. Page 36

● EQUITIES followed Wall Street's overnight dullness but the FT 30-share index recouped its loss and finished just 0.1 off at 545.8. Page 36

● WALL STREET was down 0.19 to 847.22 near the close. Page 34

● LEAD closed at £355 a tonne



for cash, a rise of £14.25. Page 35

● HERON Corporation's possible bid for ACC is being discussed with Barclays and Standard Chartered Merchant banks. Back Page

● U.S. AUTOWORKERS' Union called off its pay talks with General Motors, throwing into jeopardy the car industry's efforts to cut labour costs and car prices. Back Page

● CIT-ALCATEL, the French telecommunications group, is to have a majority holding in a telephone equipment making project in the Republic of Ireland with the Irish company Telectron after abandoning its plan for a joint venture with the company. Back Page

● U.S. GNP dropped at an annual rate of 5.2 per cent in the fourth quarter, after an increase of 1.4 per cent in the third. Page 2

● UNILEVER is to close its subsidiary, Erith Oilworks in Kent at the end of July with a loss of 75 jobs. The concern is the UK's biggest oilseed crushing plant.

● BNOC is coming under renewed pressure to lower North Sea oil prices following a marked drop in spot market rates. Page 6

● MARCONI announced the loss of 750 jobs at two plants because the Miinstry of Defence cancelled the final part of an order for tracking and surveillance radar for the Royal Navy's Sea Wolf Missile. Page 6

COMPANIES

● TATE AND LYLE reported pre-tax profit ahead from £30.7m to £36.3m in the year to September 26. Page 24; Lex. Back Page

● TRUSTHOUSE FORTE reported pre-tax profits down to £52.3m (£66m) for the 52 weeks to end October. Page 24; Lex. Back Page

● GESTETNER HOLDINGS' pretax profits for the 52 weeks to end October plunged from £15.94m to £6.2m. Page 25; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 3pc 1985	76¼	+ ¼
Exchqr 15pc 1997	98	+ ⅛
Anglia TV A	118	+ 3
Birmingham Mint	175	+ 8
BET Dfd	146	+ 4
Chemring	288	+ 13
Granada A	228	+ 6
Hambro Life	334	+ 8
Home Charm	128	+ 5
LWT A	121	+ 6
Leeds Dyers	78	+ 6
Lookers	56	+ 6
Mercantile House	440	+ 28
Phoenix Timber	96	+ 6
Pilkington	285	+ 15
Rockware	65	+ 5
Strong and Fisher	54	+ 3
Tate and Lyle	216	+ 6
Ward & Goldstone	116	+ 6
Cons Murchison	270	+ 20
FALLS		
Gestetner A	51	− 4
Grand Metropolitan	186	− 4
Grindlays Bank	202	− 6
Midland Bank	340	− 6
RMC	198	− 4
RHP	67	− 6
Thorn EMI	437	− 5
Trusthouse Forte	116	− 5
Anglo Am Gold	£33¼	− 2½
Central Pacific	42	− 8
Gold Fields SA	£34	− 1½
Grootvlei	385	− 24
Randfontein Ests	£27	− 1
Vogels	120	− 10

Banks face tougher guidelines as share of home loans soars

BY WILLIAM HALL, BANKING CORROESPONDENT

THE BANK of England has issued a directive to Britain's 600-odd recognised banks and licensed deposit-taking institutions, tightening up the guidelines covering their involvement in the house mortgage market.

This is the first time the Bank has issued guidance purely on mortgage lending and is its first directive to the clearers on any aspect of lending since March, 1980.

The Bank of England has been concerned that the banks' recent rapid growth in the market might be due partly to institutions lending money on mortgages for reasons other than purely house purchase or home improvement. Such borrowing attracts tax relief not normally available for other borrowing purposes.

In the three months to mid-November the banks increased their lending for house purchase by £905m, and their annual rate of growth was running at more than 70 per cent. *A year ago they accounted for less than 10 per cent of new home loans; today their share is* estimated at 40 per cent.

BANK MORTGAGE LENDING*	£m
Barclays	700
Lloyds	650**
NatWest	500
Midland	311
All Banks	4,721
Building Societies	48,000

* Amount outstanding
** Including commitments

Now the Bank has asked recognised banks and licensed deposit-taking institutions to ensure that, when a borrower sells a house and increases his mortgage, most of the increase is used in buying the new house or for its improvements.

Banks have been asked also to ensure that when a mortgage is transferred from another lender without involving any property sale, its size is not normally increased unless the property is to be improved.

The Bank of England has written to the main association of insurance companies asking their members to have regard to this request when making mortgage loans. The Treasury has made a similar request to the Building Societies Association.

The big clearing banks generally welcomed the Bank's guidance on mortgage lending but added that it would have no *real impact on their rate of growth in this market. The practices the Bank referred to were not found among the big banks.*

Lloyds Bank said: "The *guidelines will help to dispel* any uncertainty which may have existed about the role of banks in the *home lending* market."

The Bank of England stressed yesterday *that the guidelines* were a precautionary notice. The Bank accepted that the competition in the home loan market was healthy. However, the guidelines were intended to ensure that competition did not develop in such a way that home loans were used by borrowers to realise capital profits on houses.

The Bank indicated that the guidance did not affect traditional second mortgage lending.

West to field TV stars in show of solidarity

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE WEST, under U.S. leadership, *is to field a galaxy of* television talent, ranging from film star Charlton Heston to Mrs Margaret Thatcher, in a worldwide propaganda drive on behalf of the Polish people.

At least seven Western leaders, including President Ronald Reagan and Chancellor Helmut Schmidt, are to appear in a show that will be beamed on January 31 to a potential audience of more than 300m people in a gesture of solidarity with Poland, Washington announced yesterday.

The film will record events in the U.S. and Western Europe on January 30, which, in the U.S. at least, was yesterday officially named "Solidarity Day" by Mr Reagan. The bulk of the $500,000 (£266,000) production and transmission costs will be paid by the U.S.

The idea first came from the Brussels-based Polish Action Committee, a group of Polish exiles and Solidarity trade union supporters. Earlier this month it issued a plea for a worldwide demonstration of support *for the Polish people* in late January.

The plea was taken up in the U.S. by the *AFL-CIO* labour federation, which is to hold nationwide rallies on January 30, and by church groups and individuals. Similar trade union rallies are planned in West Germany, but the U.S. International Communication Agency (ICA), which is organising the film, said it had not yet heard of any special events in the UK.

In addition to the leaders of the U.S., Britain and West Germany, the Prime Ministers of Belgium, Norway and Portugal, and Luxembourg's Foreign Minister have agreed to take part in the show.

Yesterday, the ICA said it had still to hear from the leaders of other West European countries, such as France and Italy, who had also been approached.

The film has not been accepted by any East European country, but the sound track will be transmitted to Eastern Europe, including Poland, by *the U.S. radio stations, Voice of* America, Radio Free Europe, and Radio Liberty.

The film, which will be at least an hour long, is to be called "Let Poland Be Poland," the title of a Polish protest song that has been adopted as a theme by Solidarity, the ICA said. The words will be translated into English by the Polish Nobel literature prizewinner, Prof Czeslaw Milosz, and possibly sung by Frank Sinatra, who has agreed to take part.

In London, it was confirmed that the Prime Minister, in*tends to provide* her own message for broadcast on January 30 and transmission *on the following day. However,* her office said it did not know whether the programme would be broadcast in the UK.

The BBC and ITV said last night there were no plans at the moment to broadcast the special programme.

Martial law ended peace threat, says Pravda, Page 2

Grand Met may sell 10 hotels

BY ARTHUR SANDLES

GRAND METROPOLITAN may sell as many as 10 of its 18 London hotels as part of a rationalisation programme following the recent $500m purchase of Intercontinental Hotels from Pan Am. The hotels could have a potential price tag of about £40m.

A statement last night following the Inter Continental purchase said: "It has become increasingly evident that the combined group would have too large a representation of hotels in London compared with the rest of the world.

"It has therefore been decided to sell some of the London hotels." The premises for sale were not named.

Grand Met owns properties ranging from the de luxe Europa and Britannia hotels in Grosvenor Square to busy package-tour properties such as the Mount Royal and the Piccadilly. Its long list of sites also includes the St Ermins, in Victoria, and the May Fair, in Mayfair.

Last night, a *Grand Met* executive said the group had not decided which hotels to sell. "*We are hanging out the washing and seeing what comes along.*"

Intercontinental's existing European Division will be expanded to include many of the UK company's European hotels. These might be expected to include the Britannia and Europa, the Carlton in Cannes, the Lotti and Meurice in Paris and the Hotel d'Angleterre in Copenhagen among others.

Many other properties will go into the Forum group of more popular hotels, again part of Intercontinental. One or two London properties, notably the Mount Royal and Piccadilly, would seem to fit in that category.

Whether the others are sold, and at what price, will depend heavily on what bids are forthcoming.

Grand Met said that the effec*tive merging of its city hotel* operations into the Intercontinental fold would be as painless *as possible* as far as staff were concerned. "Intercontinental are keen to integrate *as many Grand Met employees* as they can within their expanded organisation", said Grand Met.

"We consider it of great importance that any prospective purchaser should be in a position to offer a secure and bright future for the hotel staff and to safeguard their *pension* benefits."

Grand Met will complete the transfer of such hotels as are going to Intercontinental at the beginning of April.

There is no indication at the moment that Grand Met intends any changes to its provincial hotel chain in the UK. It owns more than two dozen hotels outside London.

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Unit labour costs rise more slowly in last quarter

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

LABOUR COSTS per unit of output borne by British industry are increasing at a rate only of about 2 per cent a year, more slowly even than in Japan.

Figures released yesterday by the Department of Employment suggest that there have been substantial gains in productivity as companies emerge from the worst of the recession.

The 2 per cent rate of rise on an annual basis, recorded in the three months to October, compares with a rate of 16 per cent in the period to last March.

The latest earnings figures, for November, show the annual rate of increase in average earnings falling to 11.2 per cent compared with 11.9 per cent in October. The underlying rate of increase is thought to have remained at about 11 per cent since last summer.

However, the average level of pay settlements is below this figure, partly because the Department's earnings index includes payments for over*time, which has been rising.*

UNIT LABOUR COSTS	
Annual rate of increase (per cent) Third Quarter 1981	
UK	3.9
West Germany	4
Japan (2nd Qr)	6
U.S.	6
France	13

The Confederation of British Industry's pay databank estim*ated yesterday that pay settle*ments in November averaged 6.7 per cent compared with average increases of 7.8 per cent in August.

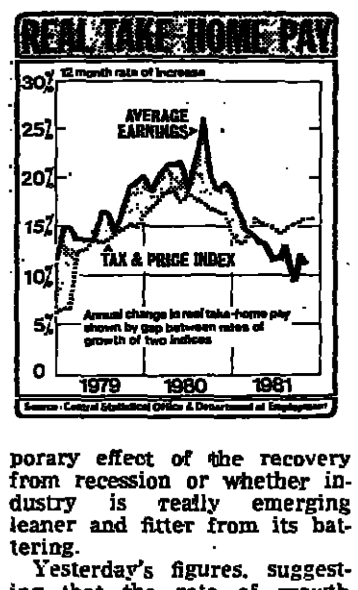
Its latest report says most of the settlements reported since August have been in the 4 to 6 per cent range. In the earlier part of the year most settlements were for increases of between 7 and 9 per cent.

This suggests that most settlements in the industrial sector are now well below the annual rate of retail price inflation which was 12 per cent for the last two months of 1981.

The CBI says: "The combination of low profits, price competition and the risk of redundancy have continued to apply considerable downward pressure, outweighting the only major upward pressure—cost of living increases."

A continued reduction in British labour costs, leading to improved international competitiveness, forms an essential part of the Government's strategy for economic recovery.

There has been anxious debate, therefore, whether the recent improvements in productivity represent only a temporary effect of the recovery from recession or whether industry is really emerging leaner and fitter from its battering.



Yesterday's figures, suggesting that the rate of growth of wage costs since last summer has been considerably lower than previously estimated, give support to the Treasury's cautious optimism about underlying productivity gains.

In the autumn of 1980, unit labour costs in the UK were rising at an annual rate of 25 per cent, twice as fast as in the U.S. and two and a half times as fast as in West Germany.

By the beginning of 1981, the annual rate of increase in *the UK had slowed to 16 per* cent, compared with 10 per cent in the U.S. and 7 per *cent in Germany. By the third* quarter of last year it was down to 3.9 per cent.

Economic Viewpoint: Ways out of stagflation, Page 23

Six more join SDP in Lords

THREE Labour peers—one a former Labour MP—are among *six new recruits in the House* of Lords for the Social Democrats, taking their number to 34. They include Lord Whaddon, formerly Mr Derek Page, Labour MP for Kings Lynn; Lord Hutchinson QC; and Lord McGregor of Durris, Professor of Social Institutions at the University of London.

£ in New York

—	Jan. 19	previous
Spot	$1.8895-89.10	$1.8890-8905
1 month	0.18-0.13 dis	0.23-0.19 dis
3 months	0.18-0.13 dis	0.32-0.27 dis
12 months	0.30-0.40 pm	0.10 dis-nil

Invergordon smelter rescue hopes rise

By Mark Meredith

TALKS ARE well advanced on putting together a package to reopen the Invergordon smelter in the Scottish Highlands. A statement is expected to be made to the Commons shortly. The smelter was closed by British Aluminium at the end of last year.

The package is likely to include the establishment of a holding company which would *purchase the huge plant from* British Aluminium while a buyer is found.

Talks on finding finance for the temporary holding company have included financial institutions and the Highlands and Islands Development Board, the Government's industrial promotions agency in the north of Scotland.

A key element in the formula is a plan to renegotiate the price of electricity supplies to the smelter to encourage prospective long-term purchasers of the plant. The Scottish Office is confident cheaper power supplies can be secured.

High electricity rates were blamed by British Aluminium for the closure which led to the *loss of 890 jobs.* The impact was expected to affect indirectly hundreds of other workers in the area.

Because of the severity of the closure's impact on the region, the *Highlands Board* is believed to be ready to use £10m over three years, promised to the area by the Scottish Office, to assist in a rescue operation rather than to be directed into promoting new industry.

The Highlands Board, which has drawn up a list of 30 possible buyers for the smelter, has a short-list of six large companies which might be ready to buy Invergordon.

When fears about the smelter's future were mounting late last year the Highlands Board *brought in consultants to study* industrial electricity rates.

On the basis of the consult*ants' findings the board* challenged the structure of the Scottish Electricity Boards. It said that if the smelter was able to receive power at the same price as the two other smelters in Britain—at Anglesey, Wales and Lynmouth, Northumberland—it would be competitive in the European market.

The rate for electricity paid by British Aluminium is thought to have been 1.7p per unit. It is believed widely that a rate of 0.8p per unit would be likely to make the company viable.

The Scottish Office is anxious to prevent the flight of the plant's technical personnel by taking the site out of the hands of British Aluminium.

Confidence call over French nationalisation

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday took the extreme step of deciding to make its revised nationalisation Bill an issue of confidence before the National Assembly.

Use of this device—vigorously denounced by the Socialists when in opposition—is intended to secure a rapid enforcement of the nationalisation measures and to settle a rumpus which has broken out in the parliamentary Socialist Party as a result of the Constitutional Council's partial rejection of the original text.

The decision was taken at yesterday's cabinet meeting. This also confirmed that the new formula for compensation will be based on the highest monthly average share price over the October 1, 1980-March 30, 1981 period, and increased by 14 per cent to take account of inflation last year.

A spokesman said later that the extra cost of compensation—estimated at FFr 7bn-FFr 8bn (£640m-£730m)—will be met by borrowing on the Government's behalf. He did not rule out additional taxation in later years to meet the increased burden, however, adding that it would have to fall on those with the *highest income*.

Remarks by M Laurent Fabius, Minister of the Budget, had earlier suggested that the additional compensation would be financed by higher taxes on the rich.

The spokesman also confirmed that, in line with the Constitutional Council's ruling, three mutual banks will be nationalised, bringing to 39 the total entering the state sector. Of these, however, 21 will not be nationalised until January, 1983 to allow time for experts to assess their value.

As a result of making the revised Bill an issue of confidence, it will automatically become law unless the opposition puts down a censure motion within 24 hours of its being tabled in the Assembly. The Government's intention is to prevent a repetition of the bitter, lengthy debates when the Bill first passed the Assembly.

Socialist deputies' anger at the Constitutional Council's decision was turned on the Government on Tuesday when they were faced with another *nationalisation debate*. They proposed that only those articles that had been revised should be resubmitted to the Assembly.

The Government dismissed this solution as risking a further check by the Council. But it has no easy way of cutting short the debate in the Senate when the Bill returns there, though it seems unlikely that Senators would now challenge seriously what the Constitutional Council has already approved.

Five tonnes of terrorist arms seized in Spain

BY ROBERT GRAHAM, IN MADRID

SPANISH SECURITY forces near Bilbao yesterday seized 5 tonnes of weapons which they claimed was the most important arsenal of the political-military wing of Eta, the militant Basque separatist organisation. This is the biggest single terrorist arms cache found in Spain and follows an important *string of police successes* in combating Eta.

The weapons, found by members of the anti-terrorist squad in a pre-dawn raid on a farm house, were buried beneath a wash house. They included 300 pistols, 500 kg of explosive and numerous types of rifles, rocket and *grenade launchers*. Police said they were of Belgian, Soviet and Spanish manufacture.

One of the grenade launchers was used in an attack on the Prime Minister's office in 1979. Two people arrested in the raid are being held under anti-terrorist laws.

The raid is directly connected with information the security forces have gained from people detained in the past week over the kidnap of *Dr Iglesias Puga, father of the well-known Spanish singer, Julio Iglesias.*

ELECTRICITY consumption is expected to grow by 3 per cent in Spain this year, according to Unesa, the association which groups private and state utilities, writes Robert Graham. This compares with last year's 0.6 per cent.

Expectations of an increase in consumption have been based on Government forecasts of growth in gross domestic product which many regard as optimistic. Presenting the energy balance sheet for 1981, a Unesa spokesman said yesterday that serious drought had caused a 24 per cent drop in hydro-electricity output. The reduced resort to hydro-power and consequent increased cost of greater use of oil and coal was offset by the continued domestic recession that cut demand.

Investment by the industry for this year would total Pta 482bn (£2.6bn) compared with Pta 375bn (£2bn) in 1981, he said.

Dr Iglesias Puga was freed dramatically by the police special operations unit early on Sunday morning and 13 people were arrested. According to the police, seven were members of Eta's hardline military wing and six of the political-military wing. The military wing is still holding Sr Jose Antonio Lipperheide, the Basque industrialist, who was kidnapped on January 5.

It was the first time that an Eta victim has been successfully freed. Better co-ordinated action between the national police, Guardia Civil and plain-clothes inspectors through a combined anti-terrorist squad has shown notable results since the middle of last year. Eta's military wing has not claimed responsibility for a successful assassination since last July and the number of terrorist incidents has fallen sharply.

In the wake of the abortive coup last February, the political military wing has declared a truce in its armed activities. But since police revealed involvement of its members in the Iglesias kidnap there has been serious concern in the Basque country of a new return to violence.

The organisation itself has issued a communique saying that the kidnap does not represent any change of attitude. Reports from the Basque country indicate a serious ideological battle going on within the political-military wing, the majority favouring complete abandonment of arms.

Sr Mario Onaindia, secretary-general of the left-wing grouping, Euskadiko Exkerra, traditionally regarded as the political front for the "poli-milis," has roundly condemned the kidnapping. Euskadiko Exkerra last November formed a political alliance with a reformist part of the Basque Communist Party and there has been much hope that *this would further undercut* those who sought to use violence.

MEPs pick high flier to give them a lift

By John Wyles in Brussels

THE ELECTION of Mr Pieter Dankert on Monday evening as president of the European Parliament marks the ascendancy of a political "high flier" over an assembly which has not seemed overpopulated with politicians of real distinction.

Significantly, he won because enough British Conservatives abandoned ideological loyalties to give the 47-year-old Dutch Socialist a 191-175 majority over Herr Egon Klepsch, the West German Christian Democrat, in the fourth ballot.

No group of MEPs is more concerned than the British Tories about the Parliament's low public standing nor more anxious to increase its political effectiveness before they face the electorate again in mid-1984.

During the assembly's two and a-half year existence, Mr Dankert has quickly established himself as one of the men most likely to build on the modest achievements of his predecessor, Mme Simone Veil of France, towards establishing the Parliament's influence and credibility.

Throw out

As *rapporteur* of its key budget committee, he was crucial in persuading MEPs to throw out the 1980 budget barely six months after they had been returned in the Community's first direct elections.

Ironically, however, his elevation on Monday may have been despite, rather than because of, this success. The heady exhilaration of exercising parliamentary power turned within months to sad disillusion for many MEPs who had expected swifter and greater success in forcing member-governments to take them more seriously.

Monday night's result vindicates a personal decision to concentrate on the European Parliament which puzzled some of Mr Dankert's colleagues in the Dutch Socialist Party. Many failed to understand why—after 13 years in The Hague he did not run for re-election to the Dutch Parliament last year and why he has devoted so much time to an institution with such a small public following.

But the Strasbourg environment obviously suits him. A middle-of-the-road Socialist whose crumpled good looks have made him something of a political pin-up, he is a polyglot who will frequently employ four languages while delivering one speech.

His competence at the political arts is impressive but the parliamentary presidency will pose the biggest tests of his career.

During the next two and a half years his colleagues will be looking for an answer to the question often asked about him: "Is he really that good or does he look better than he is because of the company in which he finds himself."

Self-confident but also a realist, Mr Dankert is well aware of the limits of the assembly's powers and of his own as president.

The institution is not a proper Parliament, comparable to a national legislature, partly because it was deliberately neutered by the authors of the Treaty of Rome who had a Gaullist distaste for overbearing, overpowerful assemblies.

As a result, it does not sustain the Council of Ministers and the European Commission in the exercise of their executive powers, nor does it effectively check them. While it can reject the budget and dismiss the entire Commission, most of its time is spent delivering opinions on Commission proposals whose fate is really determined by the Council.

More effective

Operating within these limits, Mr Dankert is bound to try to make the Parliament more effective, partly by becoming more personally involved than his predecessor in the negotiations which attempt to reconcile differences of view between the assembly and the Council.

Meanwhile, he may be tougher than Mme Veil in trying to exert a personal influence over the way the Parliament conducts its business. At the moment, debates are too often tedious, shambolic and ill-attended, not least because too much of the exercise is reserved for the closed meetings of the political groups.

It will be most surprising if he does not try to associate the Parliament much more closely with the discussions aimed at "relaunching Europe which are getting underway. The so-called Genscher-Colombo plan whose ultimate target is European union makes good, but politically exploitable noises, about strengthening the Parliament's role as does the "relance" document produced last year by the French government.

Protesters lose court fight against Frankfurt runway

BY KEVIN DONE IN FRANKFURT

ENVIRONMENTALIST groups have failed in their attempts to stage a plebiscite in the state of Hesse to halt the building of a new runway at Frankfurt's international airport.

The state constitutional court has ruled that a law proposed by protest groups infringes the Hesse constitution.

Opposition to the project led to a series of violent clashes between protesters and police last November, when the airport authorities began to level woodland to make way for the runway.

Work on the DM 225m (£52m) project was halted nearly six weeks ago while the court considered the protesters' case.

The airport authorities said yesterday that work would be resumed as soon as possible and that police protection had been requested to guard the building site from demonstrators.

Leaders of citizens' action groups met near Frankfurt last night. Some have already called for immediate "spontaneous demonstrations" in Frankfurt and *Wiesbaden, the state capital*.

About two-thirds of the runway must be built outside the existing perimeter of the airport. The authorities have built concrete walls topped by rolls of barbed wire and floodlights as a fortified building site.

The airport authorities claim that about 370,000 trees must be felled to make way for the 4km runway. The protesters regard this as an unacceptable incursion into one of the last major recreation areas close to the city.

Currency shortages hit Yugoslavia

By Aleksandr Lebl in Belgrade Correspondent

MANY YUGOSLAV enterprises are suffering from severe hard currency shortages because of the federal Government's determination to subordinate all economic policies to the aim of reducing this year's balance of payments deficit to $500m (£265m).

The squeeze has reached such a point that the country's largest steel mill, at Zenica in Bosnia-Herzegovina, has told its Yugoslav customers that they must pay $150, which is one-third of the total price per ton of steel delivered, and *is only accepting* Yugoslav dinar for the remaining two-thirds of the price.

The dollars are needed to pay for the imports required to make the steel, the enterprise says.

As a result of the hard currency squeeze the 1981 payments deficit is now likely to be only $1.4bn, instead of the original target of $1.8bn, Mr Zvone Dragan, Deputy Prime Minister, said yesterday.

This is partly due to a $300m surplus on trade with Comecon countries and restrictions on imports from the West. Exports last year totalled $10.9bn, while tourism earned $1.4bn and *emigrant remittances* brought in a further $2.9bn. Imports amounted to $15.7bn, Mr Dragan added.

As from the end of last December, Yugoslav medium and long term debt amounted to $18.4bn, of which $16.8bn was in hard currency, while short term borrowings varied between $1.2bn and $2bn over the year. They will be reduced by $500m this year, the Minister revealed.

Reserves amounted to $2.4bn and the hard currency debt ratio was between 22-24 per cent, he added.

Martial law ended peace threat—Pravda

BY OUR MOSCOW CORRESPONDENT

THE SOVIET Communist Party newspaper, Pravda, yesterday suggested that the military crackdown in Poland prevented the crisis spilling over into a wider conflict and endangering peace in Europe.

An article written by two senior commentators argued that the imposition of martial law was "indispensable not only to Poland but to European peace as well."

Pravda said: "Those who are now criticising the Polish leadership, especially those in Western Europe, had better take a sober and responsible look at the situation and realise that a threat to the whole of the Continent has been averted. . ."

The article, written by Mr Valentin Falin, deputy head of the party's international information department, and Mr Vital Kobysh, a senior commentator, implied that East and West Europe could have been drawn into open conflict if martial law had not been imposed. By implication, it was saying that an end to the reform movement in Poland was in the best security interests of all Europeans.

It directed most of its fire at the Reagan *Administration* which, it said, was trying to use the Polish crisis to ease the passage of large-scale military *spending programmes* at home.

U.S. leaders were using the situation, at whatever cost to Poles themselves, to "shatter" the East bloc, weaken its defence potential and convert Poland into a seat of tension" that would make it easier to push through even the wildest militarist programmes."

It said the Reagan Administration had been seriously worried by the growth of the pacifist movement in Europe and saw its chance to "paralyse the people's will to continue the policy of detente and curbing the arms race."

Hard currency restrictions eased for Poles

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH military authorities have partially lifted their ban on withdrawals from hard currency accounts in Polish banks. The move should ease widespread fears that private possession of foreign currency *might be made illegal*, and could be seen as a step towards normality in the country.

At the same time, figures released yesterday by the national bank show that savings by Poles have reached record levels, as demand last year far outstripped dwindling supplies of goods. *Incomes rose 26.8 per cent* in 1981 compared to 1982.

The partial relaxation of the rules, which were introduced along with martial law on December 13, allows citizens to use their hard currency accounts to import goods through the usual state enterprise channels. *This will help* those small-scale producers dependent on hard currency purchases of raw materials and equipment from the West.

About $400m is held in hard currency accounts in Polish banks and, since December 13, the martial authorities had only permitted Poles to draw on these accounts in the form of coupons which could be cashed in to buy goods in the Pewex hard currency stores.

As part of the easing *foreign currency restrictions*, Poles can also use hard currency funds to buy medical goods as well as resume subscriptions to foreign scientific magazines and associations.

At the start of the year, the authorities devalued the zloty to an official rate of Zl 80 to $1, though the *zloty's trading value* in the West has dropped much lower.

According to the national bank, the total value of supplies to the shops last year at current prices increased 4 per cent compared to 1980. But the actual volume of goods fell 11 *per cent over the same period*. This suggests that consumer prices rose on average last year by 15 per cent.

The dramatic rise in forced savings by Poles in the past year is shown in the bank's estimate that global incomes reached Zl 2,086bn (£13.8bn) in 1981, while spending totalled Zl 1,803bn (£11.9bn).

Meanwhile, the authorities have introduced restrictions on sale of feed grains to both state and private farmers, in such a way as to try to force an increase in grain deliveries. Farmers must now sell 125 kg of harvested grain for every 100 kg of seed they want to buy for spring sowing.

Farmers have been holding up grain deliveries, both as a hedge against the political situation and the rate of inflation. The official Press has been hinting that compulsory deliveries will have to be "considered" if farmers do not sell the 800,000 tonnes of grain which the state has contracted for by mid-February.

● Poland's army newspaper said *yesterday that unions should* limit themselves to dealing with wages and conditions in individual enterprises, Reuter reports. An article in Zolnierz Wolnosci appeared implicitly to reject the much wider role that the Solidarity union envisaged for itself before its suspension last month under martial law.

Instead, the newspaper clearly advocated a return to the orthodox Communist concept of unions under close party supervision.

The official news agency, PAP, meanwhile reported that five former Solidarity militants had been jailed for trying to form underground groups in defiance of martial law, which temporarily banned all union activities.

● The *Japanese Government will consider suspending new* contracts for export of high technology products to the Soviet Union to protest against Moscow's role in the Polish crisis, Mr Shintaro Abe, Japan's visiting international trade and Industry Minister, said on Tuesday, agencies report from Washington.

● Australia has deferred a Polish request for a $125m (£66m) trade credit and warned that an existing $46m credit granted last April could be cancelled, officials told Reuter in Canberra.

Amnesty makes claim of 60 Turkish jail deaths

BY OUR FOREIGN STAFF

AMNESTY INTERNATIONAL has the names of more than 60 persons who are reported to have died in custody in Turkey since the generals seized power *in September 1980*.

The London-based human rights body said yesterday that the latest death reportedly occurred in Istanbul this month. The organisation said it had continually appealed to the Turkish authorities to investigate the deaths.

Mr Bulend Ulusu, the Turkish Prime Minister, said recently the authorities had started investigations into 370 torture allegations. Of the 153 inquiries completed, 43 had been referred to the courts. eH said 28 people were held in custody in connection with torture cases, and 69 were free pending trial.

The Council of Europe's Parliamentary Assembly will *next week debate whether* Turkey should be expelled from the body. A fact-finding mission, which has just returned from Turkey, is apparently favouring allowing the country to remain a member, but believes human rights violations should be taken up with the European Court of Human Rights.

The generals have announced a timetable for elections. Turkey is looking for pledges about $1bn (£529m) of aid from Western countries this spring.

Lombard, Page 23

Portugal's Communists back Eanes stand

THE Portuguese Communist Party has said it would support General Antonio Ramalho Eanes if he carries out his threat to step down as President but remains in politics should constitutional reforms being prepared by Parliament reduce the powers of his office, writes Diana Smith in Lisbon.

Floods threaten East German industrial city

BY LESLIE COLITT IN BERLIN

THE FLOODING of the Oder River which has inundated tens of thousands of hectares of land and hundreds of farm buildings in Poland is now threatening the East German industrial city of Frankfurt an der Oder. The river, which forms the border between East Germany and Poland, is frozen for several hundred kilometres from its *mouth at Szczecin and there has* been serious flooding of the low-lying land on both sides.

East German troops are erecting concrete and sandbag barriers at Frankfurt and, together with Polish troops, are strengthening dams near other threatened cities and towns on both sides of the Oder. *Frankfurt is the site of several* electronics plants and other factories employing thousands of Polish women who commute daily from the border region. Low-lying sections of the East German steel city of Eisenhuettenstadt to the south may also be endangered by the rising water.

At Kostrzyn, on the Oder and Warta rivers, Polish army units and civilians are trying to save the cities' cellulose and paper factories from inundation.

The flood emergency in the badly damaged Plock district of central Poland continued unabated although the water level at the city of Plock dropped slightly. The layer of ice on the Vistula River has thickened, however, and is continuing to dam the river into large lakes which are submerging the countryside.

Flood emergencies continued in 13 of Poland's 49 districts with relief reported only in the Wroclaw area.

In Czechoslovakia, the severe frost has greatly hampered lignite mining in Bohemia which provides fuel for a large part of the country's electric power stations.

The Czechoslovak news *agency also reported that coal* and iron ore arriving by rail at power stations and steel mills could not be unloaded as it was frozen solid. The industrial area of Ostrava is the most seriously affected, while shipping has been closed down on the frozen Elbe River flowing through Czechoslovakia into East Germany.

● East Germany's economy grew by 5 per cent last year, faster than that of any other advanced Communist nation, according to the country's statistical office.

Bankers' bank gains allies among the policy-makers

Prof Alexandre Lamfalussy, assistant general manager of the Bank for International Settlements, explains to David Marsh how Western leaders are beginning to respond to the bank's pleas for a more pragmatic approach to monetary policy.

AT FIRST, it seems like a paradox. But in fact, it is not really surprising that an institution as richly traditional as the Bank for International Settlements (BIS) should be at the centre of an international movement to revive what might be called the pragmatic side of monetarism.

The Basle-based BIS has been in the vanguard of European attacks on the "inflexible" monetary policies of the U.S. and British governments.

The BIS—owned by leading central banks from around the world but run essentially by Europeans—has a 50-year-old reputation for financial conservatism, underlined by its baffling penchant for denominating its annual accounts in pre-war Swiss gold francs.

However, it has always fought tooth and nail for the principle that central banks should be free to operate monetary policies in the way that they, and not the politicians, think best.

That is why the BIS has been particularly virulent over the past two years in criticising President Ronald Reagan and Mrs Margaret Thatcher for relying too much on monetary restraint and not enough on fiscal and other policies in the fight against inflation.

The BIS has also spoken out strongly against free market economic policies in both the U.S. and Britain which have contributed to disruptive fluctuations in exchange rates and interest rates.

At the moment, the BIS view seems to be gradually winning allegiance. In an interview in London Prof Alexandre Lamfalussy, the bank's assistant general manager, who for the last six years has been responsible for the BIS's trenchant economic commentaries, said more countries were now paying attention to exchange rate stability—even though the U.S. remained the odd man out in refusing to intervene regularly to stabilise the dollar.

He praised the British Government's policies for having become "more reasonable and pragmatic" during the past year.

Those are warm words indeed from the man who, in tones of barely concealed scepticism, wrote in the BIS's 1980 annual report that Britain's policies were "an experiment akin to those always available in the *natural sciences*."

Taking a swipe at supply side economics in the U.S.—which he describes as being very little different in practice from Keynesianism—Prof Lamfalussy terms as "simple-minded" and "unacceptable" the notion that governments can deal with inflation through monetary policies, while at the same time maintaining economic growth through fiscal expansion.

"You need the moderating influence of restrained monetary growth to gain in the fight against inflation. But this will lead to an understandable loss of output. You can't have it both ways," he explains.

Prof Lamfalussy, a Hungarian-born Belgian citizen living in Switzerland, has the advantage of seeing economics from several different sides. A former student at Oxford (where he learnt his impeccable English), Louvain and Yale, he was a member of the executive board at the Banque de Bruxelles before moving to the BIS in 1976. He keeps up his academic links by continuing to teach part-time at Louvain university.

Stressing his distaste for over rigid adherence to pre-set money supply growth targets, Prof Lamfalussy says governments and central banks should allow deviations, both up and down, from monetary targets "not just for a month but for half a year or a year" to moderate swings in interest rates.

This is very much the traditional philosophy of European central banks, who generally tend to scorn the new British fetish for close control of the money supply. Dr Otmar Emminger, the former governor of the West German Bundesbank, praised West German journalists on his retirement two years ago, for never having paid more than scant attention to the Bundesbank's monthly money supply statistics.

Such a pragmatic approach "unfortunately is not all accepted by the theologians," says Prof Lamfalussy. "But I would rather have swings of interest rates from, say, 12 to 16 per cent than 9 to 20 per cent"—the actual fluctuation in dollar interest rates last year.

The British experience, he says, "shows from a purely technical angle that the degree of tightness of UK monetary policy cannot be judged by one single indicator, sterling M3." This indicator is the most closely monitored measurement of money supply.

Prof Lamfalussy says the British government made a number of mistakes when it came to power in 1979.

He criticises the high wage rises for civil servants resulting from comparability agreements: the 1979 rise in Value Added Tax, which tended to keep up inflationary expectations; and "allowing interest rates to stay high when oil was already boosting the pound."

But now there has been a move towards pragmatism, says Prof Lamfalussy. "The mistakes are being corrected. Wage rises are falling. Monetary policy is not so single-minded. The Government seems to be looking at a wider variety of monetary aggregates. It is also keeping an eye on the exchange rate."

"The UK experiment has turned out to be simply a strong anti-inflation policy—very old fashioned conservative deflation. On that score, it's having its effects. In that sense it has been relatively successful. Where the experiment has not been followed is that sterling M3 has not been brought fully under control. If the Government were really following a policy of letting sterling M3 increase in line with target, where on earth would we be now in terms of unemployment and the exchange rate?"

The Government's greater emphasis on the exchange rate means that a decision to link sterling to the European Monetary System would be a "logical progression," although Prof Lamfalussy emphasises that he has no idea whether Britain will actually join.

Could a similar policy change take place in the U.S.? He says that if the dollar came under pressure of the same intensity as it did in 1977/78, the U.S. would be *forced to intervene* to correct the slide. "You can't play the role of world leader if the dollar is going down the drain.

"But I don't necessarily see that happening, both because of the Fed's determination to maintain a consistent monetary policy and high interest rates and because of world political developments which favour the dollar."

Since inflation will not be easily mastered, Prof Lamfalussy believes the world will have to live with high and fluctuating interest rates. "I'm glad that U.S. interest rates have come down." But—even allowing for the renewed rise over the last month or so—he believes that "maybe the fall has been a bit too fast."

Partly because exchange rates during the last few months have reached more of an equilibrium and because the inflation and energy outlooks appear reasonably hopeful, Prof Lamfalussy's view of the world is relatively sanguine.

Even though the U.S. is in recession, the disadvantages for developing countries of weaker export markets are, he believes, more than outweighed by the effect of the decline of dollar interest rates on their borrowing costs.

Internationally, there are also grounds for confidence, says Prof Lamfalussy. "The minds of policy-makers are more pragmatic. There is a better understanding of domestic monetary policies and less opposition on matters like exchange rates than ever before. The one exception is the U.S. refusal to intervene. But if all the other factors are positive, that may turn out to be less important."

Prof Lamfalussy: trenchant commentaries.

A stagnating Western economy, however, creates two crucial long-term problems. High unemployment—especially among the young—is "something that the Western world cannot live with." At the same time, prospects for the poorer countries—which will be able to grow very little—will become even more serious, he says.

It is here that the BIS again separates itself very firmly from political solutions. The bank's role has always been, and will remain, says Prof Lamfalussy, to focus on the short-term prospective."

"I don't see how we can divert our limited resources to looking at longer-term problems—we have enough on our plate."

OVERSEAS NEWS

Jordan changes UN resolution on Golan

By Our United Nations Correspondent

JORDAN SUBMITTED a revised resolution to the UN Security Council yesterday, dropping its earlier explicit demand for compulsory sanctions against Israel over the Golan Heights issue, but requiring all governments to consider "concrete and effective measures."

These should have the effect, it said, of nullyifying the annexation of Golan and "deterring Israel in its policies and practices of annexation."

Jordan, the only Arab member of the council, and the surrogate for Syria and the Arab group, withdrew its earlier text because this could *not command the required* minimum majority of nine votes.

The revised resolution still faced a veto by the U.S., which made plain to the Arab states last week that even an implicit call for *sanctions* against Israel was unacceptable.

With the council hamstrung, the issue is expected to go to the Geenral Assembly at an emergency special session, which could begin as early as next week. The assembly cannot order enforcement measures, but the session will enable Israel's critics again to vent their feelings *on the Golan question* and the generally hard line of the Israeli Government.

The resulting resolution is certain to be adopted by a *large majority.*

Reuter adds from Cairo: Egyptian President Hosni Mubarak is expected to make *his first visit* to Israel in the last week of February, the Cairo weekly magazine Al-Mussawar said yesterday.

The magazine said Egypt *had told* Israel *and the U.S.* that Mr Mubarak's visit would be made to speed the process of normalising relations

Mugabe speech 'dangerous', says Nkomo's party

By Our Foreign Staff

THE RIFT between Zimbabwe's two main nationalist parties widened yesterday when the Patriotic Front, led by Mr Joshua Nkomo, declared in a Press statement that Prime Minister Robert Mugabe's weekend speech calling for a one-party state was "as ill-advised as it was false and dangerous."

Earlier in the week Mr Nkomo himself had angrily rejected the Prime Minister's *assertion that* his Zanu-PF party and the Patriotic Front *would* meet soon to discuss a merger.

In his speech to a party rally, Mr Mugabe was also reported as saying that Zanu-PF was above parliament and government. The Front state*ment yesterday accused* the Prime Minister of indulging in "wild daydreams." Any attempt to reduce the role of parliament would "throw the country into the deepest precipice," it added.

Meanwhile latest migration statistics show that 18,747 people emigrated in the first 11 months of 1981—higher than the 17,240 outflow in the full year 1980. These figures are no longer classified by race but all but a *handful of* emigrants are white.

● The detention of a white member of parliament, Mr Wally Stuttaford, has been extended a further 30 days. He was arrested on December 10 and is held under emergency powers regulations.

Charles Smith examines Japan's role in a key industry

Tokyo faces machine tool challenge

JAPAN'S MACHINE tool industry has increased its production 2.9 times and its exports 4.3 times since the dark days of 1975 when some of the industry's leading companies had to sell land to stay afloat.

While West Germany and the U.S. placed their main emphasis on developing large-sized, high precision tools for the aircraft, space or defence industries, the Japanese went for small, multi-purpose machines, which could be used by small to middling companies in conventional industries, and whose main advantage was that they saved labour. The key characteristic of such machines —which again distinguishes Japanese industry *from* its West German counterpart — is numerical control.

Almost half the machines now being turned out in Japan are fitted with numerical control (NC) devices, and the biggest Japanese manufacturer, Fujitsu Fanuc, is believed to control half the world market for NC devices. Japan's machine *tool industry can thus be said* to have got where it is today, primarily because the trend towards small NC-controlled machines was spotted in Japan *several years earlier* than in Europe or the U.S.

In spite of being first on to the NC bandwagon, Japan did not invent the numerical control machine. Japanese tool makers attributed this achievement to the leading U.S. machine tool maker, Cincinnati Milacron, whose technology they admit is still probably superior to their own. Japan, however, does deserve credit for having grasped the potential of the Cincinnati invention and for having bridged the gap between basic technology and a marketable product before its rivals.

The key stage in this process was reached in the late 1960s, when the Ministry of International Trade and Industry (Miti) sponsored a machine-tool development project somewhat similar to the computer and integrated circuit development projects over which it presided in the 1970s. Miti is reticent today about the details of the propject. whose existence was not widely publicised at the time it was under way. The most Miti officials will say is that Fujitsu Fanuc was a parti*cipant and that the company's* president is still grateful for the boost to his company in this vital area.

Speedy exploitation of *numerical control systems* may not have been the only factor which helped Japan, first to penetrate and then virtually overrun Western markets for small machine tools, from the mid-1970s onwards.

A second weapon in the machine tool industry's armour seems to have been highly competitive pricing. Japan has an estimated 400 to 500 makers of machine tools — not counting companies with fewer than 50 employees — and the industry is acknowledged even today as being hyper-competitive, especially in areas such as NC-controlled lathes, which formed the spearhead of Japan's export drive after the first oil crisis.

Attractive prices helped exports to grow by between 23 per cent and 52 per cent per year between 1976 and 1981. But this growth also began to elicit complaints from U.S. and European competitors from the late 70s onwards. Miti bowed to pressure from the U.S. by introducing a minimum pricing system, which has since been renewed at annual intervals. It extended the system in late 1980 *to 15 European countries and* has renewed it for 1982.

Exports accounted for about 35 per cent of the industry's total sales last year, in spite of *the price controls, and for* a considerably larger but not precisely estimable ratio of NC machine tool sales.

The Machine Tool Industry Association, however, sees the writing on the wall for overseas sales in the shape of a sharp drop in the European market last year by almost 50 per cent from a year earlier, with an impending downturn in many of the U.S. industries, such as motors and oil, which sustained its sales to the U.S. in 1981.

Combined with an uncertain outlook for capital investment in Japan these factors mean, in the association's view, that Japanese machine tool makers will be lucky to sell as many machines this year as they did last. This in turn means that some of the industry's smaller, or less export-oriented, companies may start to experience financial difficulties.

Miti, which has ample experience of dealing with industries which have got *into* difficulties by growing too fast, says it will try to "intervene" if conditions get very rough in the coming year. This is in *spite of the general lack of* success of past attempts at organising recession cartels or engineering mergers in the machine tool industry.

Miti officials are not exactly in despair about the problems facing the industry and their own limited capacity to help. The 1982 slowdown in machine tool sales will be nothing like *as bad as the crisis which hit* the industry in the first half of the '70s, when production fell by 35 per cent in value terms over two years.

On top of that, many leading machine tool manufacturers have links with major companies in other industries, which should help them sail through any difficulties. Examples of well-known companies with affiliations of this kind are Toyoda Koki (with the *Toyota group*), Toshiba Kikai and Hitachi Seiki.

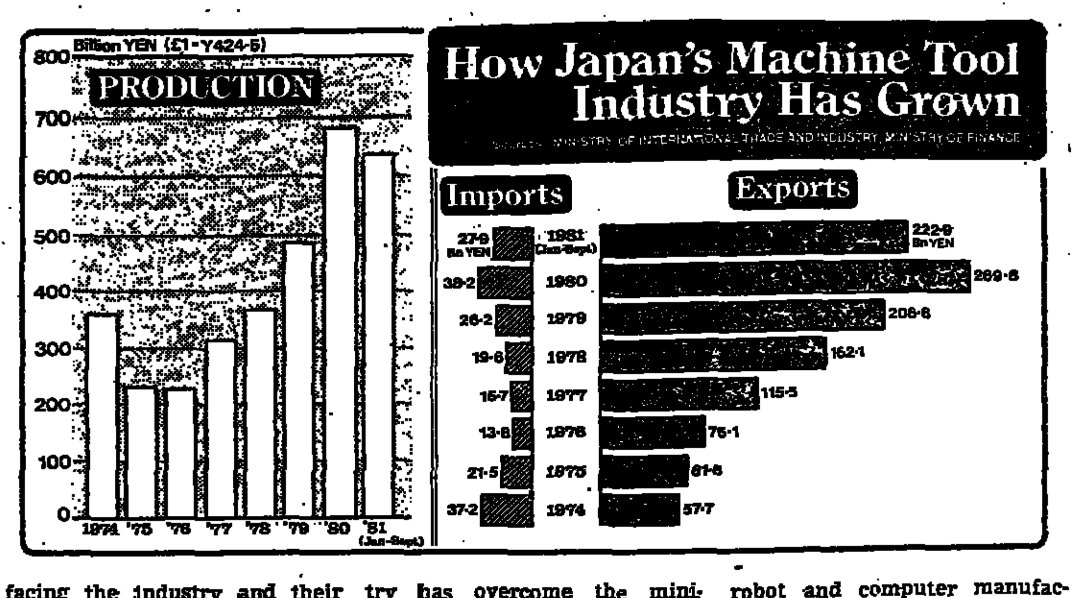
Once the machine tool industry has overcome the mini-recession confronting it this year, the industry will have to decide how to tackle longer *term challenges.*

One is how to respond to demands for a bigger direct involvement in the U.S. and European machine tool industries. So *far* only one Japanese company, Makino Milling, has had the courage to get involved in both the U.S. and European industries — in both cases by acquiring an equity stake in existing companies.

The second challenge is posed by the emergence of Flexible Manufacturing Systems (FMS) as a new industrial no man's land into which machine tool, robot and computer manufacturers may all be tempted to advance.

One Japanese NC lathe manufacturer, Yamazaki *Tekko, has* already equipped a factory with FMS systems and is operating without a night shift.

The boom in exports of complete FMS factories, which could result from this innovation, may eventually dwarf Japan's success with NC lathes and machining centres, but no one knows who will lead it. What can perhaps be guessed is that, in the race to enter the new era, Japan's hyper-competitive machine tool industry will become more competitive than ever.



Iran asks Japan for delay on payments for Bandar Khomeini

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

IRAN has told the Japanese that it wants to defer repayment of principal on loans extended by Japan for the ill-fated Bandar Khoemeini project, it was revealed yesterday.

The subject was raised in a letter to the president of the Iran Chemical Development Corporation (the Japanese *shareholder in the joint venture* project) by the chairman of Iran's National Petrochemical Company. The letter, which arrived in Tokyo on Tuesday, does not specify precisely which payments Iran wishes to postpone.

According to officials of Mitsui (the main shareholder of ICDC and the project's main promoter in Japan), repayments are due to start next month on three different loans. On *February 10 Iran is due* to make a Y960m (£2.2m) payment on a Japanese Government credit worth a total of Y28.8bn, plus a Y5bn payment on a Y60bn direct loan from Japanese banks.

Later in February a payment of Y2.5bn will fall due to the *ICDC itself. This represents the* first instalment of a loan whose total value is Y125bn.

No direct approach on deferment seems to have been made by the Iranians, neither to the Japanese Government, nor to the Export Import Bank, nor to commercial banks which provided two out of the three loans due for repayment.

Iran, however, is asking for an *"early" meeting* with Japanese representatives for talks on the future of the Bandar Khomeini project. At this meeting. (if Japan agrees to attend) the Iranians can be expected to go into detail.

Iran's "sounding" on the deferment of loan repayments formed part of a letter in which the NPC chairman once again rejected Japanese demands for a decision on the Bandar Khomeini contract so *as to have Iran shoulder additional* costs resulting from the Iran-Iraq war.

The Mitsui group has been hinting that it will withdraw altogether from the project if Iran continues to reject contract revision. Yesterday, Mitsui said that it was considering *how to react to the new Iranian* letter.

Kuwait accuses Tehran of training terrorists

BY JAMES DORSEY IN KUWAIT

KUWAITI Foreign Ministry officials, citing information from Bahrain where security forces discovered a plot to overthrow the Government last month have accused Iran of training terrorists for infiltration in the Gulf.

Earlier this week the Arabic language daily Al Ittihad in the United Arab Emirates reported that Dubai had arrested 13 *armed Iranians trying to infiltrate* the UAE.

Officials here claimed that Iranian Revolutionary Guards are training mainly South Yemenis in a camp near Tehran. Iran's ambassador to Kuwait, Mr Ali Shams Ardakani, denied this but added that many people opposing the Gulf Governments from Gulf were being granted refuge in Iran.

He disclaimed any intention on the part of Iran to undermine the Gulf regimes, saying: "If we wanted to do so, we would have done it by now." The difficulties betwen Iran and the Gulf states were the result of a "linguistic problem," he said.

Iran's religious leader Ayatollah Khomeini preached *against pro-Western regimes in* the region, he said. but "revolution is an idea which cannot be exported like a sack of apples or a barrel of oil." Iran would continue its verbal attacks on the conservative Arab regimes, primarily Saudi Arabia but would not go beyond verbal statements.

● Left: Heng Samrin

Fighting flares on Kampuchea border

BY DAVID BUTLER IN BANGKOK

FIGHTING has erupted on Thailand's borders with Kampuchea between Vietnamese-led troops of the Heng Samrin Government and Khmer Rogue guerrillas close to the border.

Thai forces were on full alert to prevent any spillover of the *fighting into Thai territory.* Sixty stray Vietnamese mortars and shells landed in Thailand on Friday, seriously wounding a Thai girl.

A Thai military spokesman *said that about 3,000* Kampuchean civilians—believed to be the wives and children of Khmer Rouge troops—had sought refuge along the canal *which defines the border on* Tuesday night.

Lt Gen Som Khatahan also said that another 1,000 Kampucheans, seeking sanctuary in Thailand when the fighting began on Saturday, were pursued by a company of Vietnamese-led troops. Warning shots fired by Thai *forces* turned back the pursuing troops, he said.

The fighting, just three miles inside Kampuchea, is the most intense since the beginning of the dry season in late November.

Journalists were banned from the border sites closest to the fighting, but Thai and Western military analysts believed that a force of at least 1,000 Vietnamese-led troops were *directing artillery, mortar and* rocket fire against the Khmer Rouge mountain sanctuary of Phnom Malai.

● Britain is giving the Thai Government £55,000 to help it continue fighting piracy against the boat people fleeing Vietnam, the Overseas Development Administration announced.

AMERICAN NEWS

U.S. recession still short of trough, says Administration

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

U.S. GROSS national product dropped sharply at an annual rate of 5.2 per cent in the fourth quarter of last year, following a 1.4 per cent increase in the third, confirming the depth of the current recession, the Commerce Department reported yesterday.

Over the whole of 1981, real GNP rose by 1.9 per cent, against an 0.2 per cent decline in 1980.

The department said that the recession had not yet reached its trough, but that the largest part of the decline was over. Mr Robert Dederick, assistant Secretary of Commerce, said that GNP would probably drop again in the first quarter of this year, but not by so much as in the last quarter. It should then turn up in the second quarter.

The figure for the fourth quarter of last year was much in line with the expectations of private economists, though slightly higher than predicted in some quarters of the Administration.

As evidence that the worse might be over, Mr Dederick pointed to an apparent stabilisation in car sales, housing starts, and orders for durable goods. The drop in leading U.S. economic indicators had also begun to moderate.

The recession was much less steep than the last major U.S. economic downturn in 1974 and 1975, and appeared to be moving along a fairly average or standard path, Mr Dederick said. Unemployment, however, would still go somewhere higher, perhaps above 9 per cent.

The fourth quarter decline in total output "largely reflected renewed weakness in consumer spending for durable goods and in business outlays for capital investment, as well as an accelerated drop in net exports and a reduced rate of inventory accumulation," Mr Joseph Wright, the deputy Secretary, said. Residential construction also fell, but at a lesser rate than in th ethird quarter.

The department claimed considerable success for the Administration's efforts to "break the back" of inflation, which, it said, remained the top priority if recovery later in the year was to be sustained.

Levesque fights to regain control of party

BY ROBERT GIBBENS IN MONTREAL

THE separatist-minded government of Mr Rene Levesque, the Quebec Premier, is in trouble less than a year after its re-election for a second term.

Strikers who have halted Montreal's bus and underground systems for five days were warned by Mr Rene Levesque, the Quebec Premier, yesterday, that they faced severe measures unless they returned to work, Reuter reports from Quebec. Mr Levesque's Government passed a law after the strike started last Friday, banning strikes in the Montreal transport system for four months and imposing stiff fines on strikers and their unions. The city's 6,400 transport workers have so far defied the law, disrupting the city of 2m people.

The economy of Canada's second largest province is in deep recession, Mr Levesque has failed to halt the onward march of Prime Minister Pierre Trudeau's constitutional legislation through the National Assembly, and a five-day strike by workers on the Montreal bus and subway systems has yet to be resolved.

Mr Levesque has also been forced to take unusual steps to re-establish his ascendancy within the Parti Quebecois, of which he has been president since it was formed from several separatist groups in the late 1960s.

He is in the midst of a postal referendum among 300,000 party members. He is asking for an unequivocal commitment from them that Quebec's independence should only be achieved by democratic means, keeping economic association with the rest of Canada and assuring minority rights.

In the war of words following a national convention of the Parti Quebecois early in December, Mr Levesque has frequently had to defend his referendum and warn the more extreme members of his Parliamentary caucus that they should resign if they cannot accept the Government's gradualist policy on independence and set up their own party.

Quebec's economy, based on resources and manufacturing and service industries of the Montreal area, has plummeted since last summer because of record Canadian interest rates and the general recession.

The principal primary industries, lumber, pulp and paper, asbestos, iron ore, aluminium and base metals have been hit sharply by declining world demand and low prices.

The first quarter of 1982 will probably show negative growth in real terms. For the full year growth is expected to total only about 1.3 per cent. Unemployment is already nearly 12 per cent and may get worse before spring.

The provincial government, with a stagnant tax base, has been running widening deficits. For the year ending in March 1982, the budget deficit will be about C$3.5bn (£1.55bn), or twice that of Ontario, also in the grip of recession.

The public widely believed Mr Jacques Parizeau, the province's Finance Minister and best known economist, could safely be left in charge of the public purse and economic policy. But it is now asking serious questions.

Mr Parizeau blames the world recession, cuts in Federal transfers to the provinces and the public-sector unions for continuing budget deficits and cuts in social services. He has asked the public-sector unions to cut their demands because the province cannot afford them.

His November mini-budget raised Quebec petrol prices to the highest in Canada by doubling the Provincial Retail Tax and increased some indirect taxes. He has changed the capital structure of Hydro-Quebec, the Provincial electrical utility, so that it will pay dividends to the Province in 1982-83.

The two big U.S. rating agencies, Moody's and Standard and Poor's, have renewed their double "A" status for Quebec and Hydro-Quebec U.S. and Eurodollar bond issues, but say they will look again when the full budget comes around this spring.

The confrontation with the transit unions is just a taste of what is to come. Contracts expire soon with about 200,000 public-sector workers, and the unions have indicated they expect wage increases sufficient to keep them up with the average year-on-year Canadian inflation rate of between 12 and 13 per cent.

At the Party convention before Christmas, Mr Levesque and the architects of the gradualist approach to the goal of separation had a rude shock. In a three-day marathon, they were avalanched with motions from the extreme wing of the Parti Quebecois calling for the next election to be fought on the straight issue of separation, and dropping the concept of "sovereignty-association" or political independence within a Canadian common market. A former Front de Liberation du Quebec terrorist was greeted as a hero.

Few ministers were ready with tactical ripostes; and one of the memorable speeches in defence of moderation came from Mr Jean Francois Bertrand, the youthful Minister of Communications, and son of former Quebec Premier Jean Jacques Bertrand. The activists had their way, and Mr Levesque replied with his referendum to be completed by early February. It asks Party members to reaffirm that sovereignty must come with economic association, must have a clear majority of the popular vote and not just of seats in the National Assembly.

The Party Quebecois won a handsome majority of the assembly seats in both 1976 and 1981, but both times fell well short of a majority of the popular vote. Mr Levesque is also asking party members to recognise the established minority rights of the English speaking 20 per cent of the population.

About 50,000 votes have been returned so far and Mr Levesque has said he expects at least 100,000. If he does not get the support he seeks, he has threatened to resign as Premier and President of the Parti Quebecois.

Mr Levesque . . . received a rude shock.

With his great personal popularity, he will probably win and also strengthen his position in the coming confrontation with the public sector unions.

Similar problems helped to bring down the Quebec Provincial Liberals under Robert Bourassa in 1976. But Mr Levesque's real problem is that militants may argue the large number of party members not sending in their votes will amount to a serious loss of confidence in his government and in his policy gradualism.

Shipowners fear threat to federal subsidies

BY ANATOLE KALETSKY IN WASHINGTON

PLANS TO acelerate the phasing out of Government subsidies to U.S. shipping lines may be among economy measures contained in the 1383 budget now being prepared by President Reagan, according to reports emerging from the Administration.

The immediate elimination of the $417m operating subsidies, which are paid to U.S. shipowners to compensate them for the high costs of employing U.S. labour and operating under the U.S. flag, would not be feasible. But it is becoming increasingly clear that the Administration will not enter into new subsidy agreements.

The industry and its congressional supporters are saying that the U.S. merchant fleet would be all but eliminated if it loses the financial support

At present most of the major U.S. shipping fleets which operate on international routes receive subsidies, averaging $2.5m per ship a year. These are based on the differences in costs faced by U.S. and foreign merchant shipowners. Roughly 85 per cent of the subsidies are attributable to labour cost differentials.

Last year the Administration pushed through Congress a Bill to allow U.S. shipowners to construct vessels in foreign yards if the martime administration certified that funds for construction subsidies were not available. Mr David Stockman, the Budget Director, also indicated that operating subsidies should be drastically cut. This was opposed by the Defence Department as well as by the President, who had promised in his election campaign to revitalise the shipping industry.

Costs dispute expected to delay Yacycreta scheme

BY JIMMY BURNS

A DECISION on the future of the $10bn (£5.2bn) Paraguayan-Argentine Yacycreta hydro-electric project on the Parana River is likely to be delayed further because of disagreements over costs between the binational corporation and the World Bank, one of its major creditors.

After more than a year of protracted negotiations the joint Ente Binacional Yacycreta recommended in November that the major civil works contracts should go to Impreglio SPA of Italy.

But the World Bank, which, with the Inter-American Development Bank and the Export-Import Bank of the U.S., has agreed to finance parts of the project, is believed to have objected on the grounds that the bid was too high.

The World Bank's formal response is not expected until the second half of February

The Italians are thought to have bid $1.7bn. This i s ;266m more than the main rival bid made by Dumez, the French construction company.

The World Bank's view on the contract is crucial because its proposed direct financing of civil construction worth $220m has been made with a commitment in principle to significant amounts of additional co-financing.

So far neither Argentina nor Paraguay has given any indication that it would be prepared tion's recommendation. Sr Roberto Alemann, the Argentine Economy Minister, said earlier this week that the only cost-cutting he envisaged concerned administration and engineering.

The Argentine authorities have also suggested privately that they would like to pay less in compensation for the land that will be flooded once the earth dam across the Parana river is operational.

Reagan team considers Law of Sea

By David Tonge

THE U.S. will today decide how far it will risk the anger of more than 150 countries by continuing to oppos ecompletion of a treaty on the Law of the Sea.

President Reagan is due to preside at a meeting with officials who have been reviewing the treaty negotiated over the past eight years. European countries have been lobbying Washington to discourage the administration from backing out

Even last month U.S. officials were keeping open the possibility that the U.S. might still withdraw

Last spring the Reagan Administration announced abruptly that it would not be bound by agreements reached by Presidents Nixo, Ford and Carter. In the autumn it spelt out its anxieties, which are concentrated on the regime to be set up to mine the millions of tons of manganese, nickel, copper and cobalt on the deep seabed.

$1.5bn international aid package for Central American states

BY HUGH O'SHAUGHNESSY

A group of international agencies is attempting to put together a $1.5bn (£790m) emergency aid package for central America. Several of the countries in the region are facing immediate economic paralysis because foreign exchange for oil purchases has run out.

The aid should channel funds to the energy, transport and telecommunications sectors. It is unlikely to provide immediate balance of payments relief for the hardest pressed countries, such as Honduras, but is being welcomed as a sign of international concern over the deterioration in central American economies.

The gravity of the foreign exchange crisis was highlighted earlier this week when Sr Rubén Mondragón, the Honduran Trade Minister, said that all but 35 of the country's 210 petrol stations had run out of fuel and the rest would have run out by today.

Road transport and some factories have already been severely hit. Sr Mondragón said that "a banking error" meant that Mexico and Venezuela, which together supply Honduras with 140,000 barrels a day of oil at concessionary rates, had not been paid. Honduras is now seeking oil from El Salvador and Panama, themselves oil importers.

The Inter-American Development Bank (IDB) recently held talks with the World Bank, the International Monetary Fund, the United Nations Economic Commission for Latin America, the Central American Bank for Economic Integration and the UN Development Programme, in a bid to assist Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama with their foreign exchange difficulties.

The IDB initiative came as many countries of the Caribbean and Central America were expressing disappointment at the lack of progress on the so-called Caribbean Basin plan. Last year the Reagan Administration said that the plan would channel large amounts of new investment to the region.

Mexico and Venezuela, the region's leading oil suppliers, have themselves been hit by falling world oil prices. The two countries are nevertheless maintaining supplies for the moment to Costa Rica, despite the fact that that country is believed not to have met its oil bill for some months.

Such is the absence of foreign exchange in Costa Rica that the Central Bank has missed a number of interest payments on its foreign debt

WORLD TRADE NEWS

BAe seeks Norwegian missile contract

By Our Nordic Editor

BRITISH AEROSPACE'S Rapier missile is competing with the improved version of the U.S. Hawk and France's Roland for an order from Norway for ground-to-air missiles. The order could be worth as much as NKr 2bn (£180m) spread over five years.

The Defence Ministry in Oslo hopes to place the contract for a new low-level air defence system for Norway's airfields before the end of March.

Norway had chosen the Roland Two, the advanced version of the French missile developed in the U.S., but had to look for an alternative when the Reagan Administration decided not to buy the advanced Roland for the U.S. Army.

The minority Conservative Government which took office last October has been completing arrangements started under the previous Labour Government to facilitate the reinforcement of Norway by Nato forces in a crisis. Plans to stock equipment in Norway for a U.S. marine brigade and a Canadian battalion have recently been finalised.

Nato has long signalled the need for better defence of the Norwegian airfields. Norway is buying 72 F-16 fighter aircraft from the U.S. but needs to modernise airfield defence against low-level attack.

The Norwegian forces have previously operated old Hawk missiles and the improved Hawk is seen as the forerunner in the contest for the new defence system. But some officers in the air force procurement organisation are understood to favour the Rapier.

SAS, Air France seek end to row

BY WILLIAM DULLFORCE IN STOCKHOLM

A FURTHER round of talks to resolve the continuing air fares dispute between Scandinavian Airlines System (SAS) and Air France will open in Paris on Friday. The call for the talks was made by Mr Ola Ullsten, Sweden's Foreign Minister.

In the meantime Air France is postponing the fares cuts on its Scandinavian routes which it announced last week and which threatened to spark off a price war between the two airlines.

The Scandinavian team to the Paris talks will be led by Mr Ulf Dinkelspiel, deputy permanent under-secretary at the Swedish Foreign Ministry. He will be accompanied by senior Norwegian and Danish officials.

The row started when SAS introduced its new "Euroclass" service on its European routes on November 1. The Euroclass offers a much improved service, including separate waiting lounges at airports and greater leg-room and free drinks on board aircraft, for travellers paying full economy-class fares.

SAS insisted that the Euroclass conformed to the specifications for economy fares laid down by the International Air Transport Association (IATA). Air France claimed that the Euroclass provided a service comparable with its own "Classe Affaires" which was priced 18 to 20 per cent higher.

The French airline stopped booking passengers on the Euroclass in France. SAS retaliated by booking only discount advance purchase excursion (Apex) fares for Air France in Scandinavia.

Last week Air France reduced prices for Classe Affaires on its Scandinavian routes to the levels of those charged by SAS for its Euroclass.

At the samo time the French airline cut its economy class fares by 10 per cent and announced two new discount fares between France and Scandinavia at rates which would be 42 per cent and 67 per cent cheaper than its new economy class.

SAS was warned that its flights to France would be stopped if it responded by cutting its Euroclass rates 10 per cent to correspond to Air France's new economy class.

The SAS management was preparing to do this when Mr Ullsten proposed to the French Foreign Minister that top officials try to find a solution.

Meanwhile, SAS is planning to carry the battle outside Europe by offering a substantially improved service at economy prices on flights to the the U.S., the Far East and Africa.

This will bring SAS's investment in its new services, which include a punctuality campaign and staff training courses, to $24m (£12.7m).

In the two months after the start of its Euroclass SAS registered an 8 per cent increase in its full-fare traffic and a 5 per cent decline in discount-rate passengers.

Airbus Industrie raises output

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European consortium building the A-300 and A-310 Airbuses, in which British Aerospace has a 20 per cent stake, is steadily expanding its production to meet an increasing order book.

With a recent order for two A-300 Airbuses from Air Jamaica, the total order book is 505 aircraft (346 firm and 159 options), of which so far 158 have been delivered.

At a time when some other major aircraft manufacturers are reducing production to cope with a decline in new orders, Airbus Industrie pushed its production rate up last year from 3.6 to 4.2 aircraft a month.

The aim is to raise the rate further during 1982-83, depending on market needs, to reach a peak production rate of eight aircraft a month by 1984.

British Aerospace is responsible for building the wings for the A-300 and A-310, and is increasing its own production at Chester in response to the Airbus Industrie needs.

Work is virtually completed on the first of the new, smaller A-310 Airbuses, and the maiden flight is scheduled for March. The A-310 is being built in parallel with the A-300 on the same production line at Toulouse.

Airbus Industrie has also signed memoranda of understanding with three Australian companies—Hawker de Havilland, Government Aircraft Factories and the Commonwealth Aircraft Corporation—for those organisations to work as partners on the projected A-320 150-seater aircraft programme.

The Australian companies will have 2-3 per cent of the activity on the A-320, and work is now in progress to identify those parts of the A-320 most suitable for Australian design and manufacture.

The aim is to develop the A-320 for service by 1986. Airbus Industrie foresees a market for more than 3,000 150-seater type aircraft through the next 20 years.

● A $77m (£40.7m) export credit to Indian Airlines to support the purchase of two Airbus A-300B4 jets has been signed in London. Mr S. N. Seethepalli, finance director, signed on behalf of the airline.

Graviner deal for Harrier fire detection system

By Our Aerospace Correspondent

GRAVINER, part of the Safety and Protection Division of Wilkinson Sword group, has won a contract to supply fire-detection equipment on the U.S.-British AV-8B Harrier II vertical take-off aircraft for the U.S. Marine Corps.

Mr Charles D. May, Graviner's marketing director, said that although the company's fire detection systems were used by most of the world's major aircraft manufacturers, "this is the first time a Graviner system will have been used on a high performance U.S. military aircraft."

Concor and Skanska to build road in Paraguay

By Bernard Simon in Johannesburg

CONCOR CONSTRUCTION of South Africa, in partnership with Skanska, a Swedish company, has been awarded an $80m (£42m) road and bridge building contract by the Government of Paraguay.

The contract is for the construction of 148 km of road between Pozo Colorado and Concepcion, linking the Gran Chaco farming region to the Paraguay-Bolivia highway. The route includes a 1.2 km bridge across the Rio Paraguay. Completion is scheduled for 1986. Details of the projects' financing have not been disclosed.

South Africa has close political links with Paraguay, and a number of South African companies became involved in projects there following a visit by then-Prime Minister John Vorster to Asuncion in the mid-1970s.

Concor is already active in South America. It is a member of a five-nation consortium, which includes Skanska, building the $500m Majes irrigation project in Peru. An associate company, Concor Mining and Engineering, is prospecting for minerals in several South American countries.

Britain remounts attack on Japan trading policy

BY PAUL CHEESERIGHT

The UK Government yesterday remounted its attack on Japanese trading policy when Sir Geoffrey Howe, the Chancellor of the Exchequer, said the concentration of Japanese exports in a few key sectors "is not an acceptable trading pattern."

His general criticism of Japanese policy showed that thehigh level meeting last weekend in Key Biscayne, Florida, had had only a marginal effect on reducing trade tensions between the powers represented there—the U.S., EEC countries, Japan and Canada.

But Sir Geoffrey's reiteration of the salient points of British concern about Japan illustrated the Whitehall feeling that Tokyo would make concessions to the Western point of view only if subject to sustained pressure.

He told the Institute of Export in London that with low inflation and low interest rates Japan had room for manoeuvre "to generate an appropriate level of domestic demand" and should allow the yen "to reach a value which fully reflects Japan's competitive performance."

Although Japan acknowledged the need to expand domestic demand and the need to import, the latest budget proposals "are in fact likely to have the opposite effect," he said.

Secondly, Japan should do more to reduce tariffs and open its capital markets to foreigners for yen financing on the same borrowing terms as for Japanese nationals, Sir Geoffrey said.

His third concern was the frequently expressed worry about the growing Japanese trade imbalance with the UK. Japanese sales here are three times the value of its purchases.

At the Key Biscayne meeting, Mr Shintaro Abé, the Japanese Minister of International Trade and Industry, made no specific commitments about future Japanese trading policy but said he expected "drastic improvements" in dismantling non-tariff barriers.

Sir Geoffrey's remarks were made in the context of the importance of the open trading system to the UK. The maintenance of the system required "responsible action" from the UK's trading partners, he said.

"It is right to expect those countries which benefit from open markets to provide market opportunities for others," he observed.

This admonition to Japan, the latest in a lengthy series, comes at a time when the UK Government has been qualifying its verbal support for the open trading system, arguing that protection is justifiable to protect employment in industries under excessive pressure from imports.

Olivetti in deal with Israel bank

OLIVETTI International has signed a deal worth more than $10m (£5.3m) with Israel's Bank Leumi to computerise all its branch operations, David Lennon reports from Tel Aviv.

This is the biggest order placed in the Israeli civilian market for computer terminals, according to Mr Salamon Suwalsky, general manager of the Delta Trading Company, Olivetti's subsidiary in Israel.

The Italian company is to provide 1,500 work stations to automate Bank Leumi's 330 branches in Israel.

Investment boost for Indonesia oil industry

BY RICHARD COWPER IN JAKARTA

FOREIGN OIL companies are continuing to invest in Indonesia's oil and gas industry at record levels.

Pertamina, Indonesia's state-owned oil company, recently signed its first oil and gas production sharing contract of 1982 with a small U.S. company from Texas. The contract, which could be worth up to $27.5m to Indonesia, brings to ten the number of production sharing contracts signed by Pertamina with foreign oil companies in the last 12 months.

In 1981 foreign oil companies are understood to have spent a record $3bn-plus on exploration, production and development—up around 40 per cent on expenditures in 1980.

This high level of expenditure is expected to continue and should maintain Indonesia's position as the largest exporter of oil and gas between the Persian Gulf and the U.S. west coast.

In the last year alone 11 foreign companies signed new contracts with Pertamina for ten blocks under which they agreed to spend not less than $568m on exploration over the next eight years. These companies, the majority of them in the U.S., gave Pertamina a record $114m in so-called information bonuses and promised to pay the state company further bonuses of up to $400m if production reached specified levels.

The most recent deal signed with Tesoro Corporation of San Antonio, Texas, by Dr Subroto, Indonesia's Minister for Mines and Energy, and Lt.-Gen. Judo Sumbono, president director of Pertamina, was for a 240-sq-kilometre block on and around the island of Tarakan near the border with the Malaysian state of Sabah.

● Indonesia has issued new regulations to boost declining non-oil exports. The 19 regulations include a 24-hour clearance service at customs offices, lowering of tariffs by 50 per cent for portside calls, and an 80 per cent reduction of warehouse charges.

Other regulations involve a 6 to 12 per cent reduction of the interest rate from Bank Indonesia (central bank) for export credits.

Homes projects worth £258m in Singapore

SINGAPORE — A French and an Australian company have signed separate contracts with the state-owned Housing and Development Board (HDB) to build prefabricated apartments worth S$1bn (£258m) in the next six years.

White Industries of Australia and GTM-Coignet of France would build 15,000 apartments each, Mr Michael Fam, the HDB chairman, said.

Under the contracts, the largest awarded by HDB, the French and Australian companies will build two large factories to manufacture prefabricated units. The factories will be handed over to HDB after the completion of the flats.

Agencies

Nestle rejects claims on baby food marketing

BY JOHN WICKS IN ZURICH

THE NESTLE group has denied claims made in a Zimbabwean Government publication that it has contravened guidelines issued by the World Health Organisation (WHO) on the distribution and marketing of baby food.

The report, issued by the Zimbabwe Ministry of Health, states that Nestle has distributed advertising material and free samples of its baby food throughout the country.

English, in which instructions for use of the baby food are written, is said to be the mother tongue of only 4 per cent of the country's population, while only 10 per cent of the rural Zimbabweans had access to clean water.

In a reaction from Nestle group headquarters in Vevey, the Swiss company speaks of "polemic attacks" on its local subsidiary Food Specialities (PVT) Limited. Free samples, says Nestle, have been distributed in cases of hardship at the [illegible] [illegible] statement [illegible] of breast feeding.

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Companies in West Midlands offered subsidised loans

BY LORNE BARLING

A SCHEME to provide cheap loans for industry in the West Midlands was launched yesterday by the Industrial and Commercial Finance Corporation (ICFC) and the county council. It has attracted wide interest and may be introduced in other parts of the country.

The ICFC loans will include a 5 per cent interest rate subsidy from the council. But the council insists that one job has to be created for every £25,000 of subsidised borrowing and funds must be spent on capital investment.

ICFC, which will provide the loans on normal commercial criteria, will benefit by effectively being able to offer money at an interest rate of 13½ per cent instead of its present commercial rate of 18½ per cent.

Mr Geoff Edge, chairman of the council's economic development committee, said the council would gain by being able to stimulate industrial investment and create jobs at low cost without putting ratepayers' funds at risk because these would not be directly involved in lending.

Announcing the names of the first three companies to receive the loans, Mr Edge said a number of other councils had sought information on how to offer similar aid.

The three companies are Cameron Robb, which has bought a factory in Birmingham; Ashley Steel (Midlands), a stockholder investing in slitting equipment; and Mediplan Engineering, which is moving to new premises and buying new equipment.

Cameron Robb will receive a £90,000 loan on which the interest rate is being subsidised over five years, giving the company a subsidy of more than £20,000. Cameron manufactures wire work products such as cooking utensils.

The three companies are creating 37 jobs and going ahead with investment totalling £425,000, of which £190,000 is subject to interest relief from the council. The remaining funds do not qualify for subsidies.

Mr Edge said aid for the three companies would cost the council £46,000 over the five-year loan period, or about £1,200 per job, which he regarded as a good return on investment.

"With jobs in the Midlands being lost at the rate of between 3,500 and 5,000 a month, it is vital that the private and public sector should come together to encourage capital investment."

A total of £500,000 has been approved by the Labour-controlled council's finance committee in loan subsidies. But because this sum comes from a 14p in the pound supplementary rate which is being challenged in the courts, the scheme could be endangered, Mr Edge said.

Peterborough Council 'could save £1m now'

BY ROBIN PAULEY

A SMALL team of businessmen who have spent six months examining Peterborough City Council's financial management claimed yesterday that the authority is overmanned, inefficient and could save £1m immeditely.

The four-man team was established at the instigation of Dr Brian Mawhinney, the city's Conservative MP. He was worried by the fact that the Labour-controlled council's rate was 57 per cent above the average for English shire districts and Peterborough's housing management and maintenance costs were 46 per cent above the national average.

Mr Charles Swift, Labour leader of the council—who cooperated with the investigation—said he was "satisfied that much of the criticism is justified."

The report says:

- Council staff and manual workers are being paid £1.3m a year in overtime—equivalent to a fifth of the total rate.
- Loans at 6 per cent to 180 staff for buying cars are unjustified.
- Debate is "abysmal" and financial understanding among some councillors is low.
- Council accommodation is used inefficiently.
- Job recruitment should be banned and a scheme of voluntary redundancies introduced.
- The financial management and general administration should be reorganised.
- Some services, such as refuse collection, should be put out to private tender.

The report says the city council is operating less efficiently than private industry. Although some efforts had been made to minimise costs no major cost-cutting exercise had been undertaken.

Wages, salaries and benefits accounted for £7.5m on the 1980-81 revenue account out of general rate fund expenditure of about £12m. At least £1m could be saved immediately.

Dr Mawhinney said the report showed that the city was charging unnecessarily high rates which were jeopardising jobs and industry.

Blow to the confidence of a fledgling industry

John Griffiths assesses the impact which De Lorean's fortunes could have on industrial morale in Northern Ireland.

TWO WEEKS ago the general manager of an 18-month-old Belfast company, CP Trim, was discussing the company's strategy to diversify from total dependence on what has been its only customer, a few miles away at Dunmurry.

At that time, Mr Clarke Morrison was setting out the company's plans in pragmatic terms as the prudent course for any company to take.

"Now we're sweating," says Mr Morrison.

CP Trim is the sole supplier to the De Lorean sports car company of its leather seating and interior trim. De Lorean's output has been cut from 400 cars a week to 200. If De Lorean fails to get extra financial help and output remains depressed, CP Trim faces the prospect of short-time working and redundancies before its plans can get off the ground.

CP Trim illustrates both the potential and the pitfalls facing Ulster's fledgling car industry.

Without De Lorean CP Trim and the 220 jobs it provides would not exist. Nor would perhaps the same number of jobs scattered among other, older-established companies which have taken on extra staff to handle De Lorean business.

Two months ago those Ulster concerns which had decided to roll with the seeming De Lorean snowball were congratulating themselves on their foresight compared to others who had been more hesitant—early scepticism about the project was by no means confined to the back benches at Westminster.

Now, while nobody expects the De Lorean project to fold up, a great deal more caution is being expressed about investment related solely to De Lorean.

It is an attitude likely to continue until it is clear how sport car sales perform in the predicted sales upturn in the spring and to what extent momentum is sustained through the autumn.

With the notable exception of CP Trim, which sprang into being overnight with a £10m turnover on the back of De Lorean, the involvement of Northern Ireland companies in the project is, in financial and employment terms, small compared with the mainland, and even the Continent. About 59 per cent of components by value are sourced in the UK. But major components such as the chasis come from GKN in Britain. The engine and gearbox are suppled by Renault.

Tenneco-Walker's Belfast plant makes the car's silencer, mated to piping from its Burnley factory. The 30-odd jobs created by the company recently reflect increased orders from volume manufacturers such as Ford as well as De Lorean. Goodyear's plant at Craigavon makes a number of small mechanical components and De Lorean has become an important customer. It has saved some jobs if it has not created any.

But apart from subsidiaries of larger British companies, there have been many small, Ulster-based and privately owned companies to which De Lorean is a windfall market for virtually everything required to keep a large factory running, from cutlery to sub-contracting for the degreasing of body shells.

The jobs might have been added in handfuls, but they are regarded as of symbolic importance as much as financial.

Northern Ireland is grappling with unemployment problems much worse than the mainland—21 per cent overall, and far higher in many Catholic areas. The jobs created by new companies, such as the Learavia light aircraft concern and even De Lorean, represent only a slowing of overall job losses in its traditional manufacturing industries.

For that reason De Lorean has become something of a showpiece to demonstrate that a substantial project can be brought to Ulster and made to work.

Decline in pre-tax profit of textile producers

By Nick Garnett, Northern Correspondent

PRE-TAX EARNINGS of companies in textiles, clothing and allied manufacturing fell by a third last year, according to a survey of 180 public companies by F. W. Tattershall, textile consultants.

The sectors most severely affected by the trading decline were carpet-making and by the spinning and weaving of cotton, wool and allied fibres. Clothing manufacture and hosiery and knitwear suffered substantial but less acute falls in earnings.

Companies selling clothing and carpets fared best. Even here, however, total profits showed a slight fall.

The 180 companies' pre-tax earnings fell to £395m last year from £602m in 1980, the survey showed. The average dividend they paid fell from more than 17 per cent to 15 per cent. Pre-tax earnings of the 18 vertically integrated groups surveyed fell from £204m to £74m.

The 11 carpet makers' £13m profit in 1980 fell to a £696,000 loss.

Port chief sets sights on tough profits target

Andrew Fisher meets John Black, new head of the loss-making Port of London Authority

FOR someone keen on huntin', shootin' and fishin' as an escape from workaday stresses, Mr John Black is pursuing an unusually tough quarry. The new chief executive of the loss-making Port of London Authority is striving to meet the Government's target of break-even by the end of this year.

The type of game 56-year-old Mr Black normally has in his sights are pheasant, Scottish deer, Swedish elk, or sea trout and salmon. Born just south of the border of Scots parents, he joined the PLA from the Admiralty 18 years ago.

He took over as chief executive on January 1 after the PLA decided to streamline its management. He was formerly managing director, a post now eliminated.

Mr John Presland, the former chief executive and slightly younger, is to retire early now the PLA has decided it does not need two top decision makers.

Both London and Liverpool port authorities have been told by Mr David Howell, the Transport Secretary, that there will be no government money to cover their deficits after this year. They have to produce action plans on how they intend to meet his break-even deadline.

Since both ports have recently produced comprehensive long-term plans, they were hoping for more breathing space and were clearly taken aback by Mr Howell's stiff target. The PLA lost more than £19m in 1980 and would have liked to have had until 1984 or 1985 to start making money again.

Mr Black is hopeful, nonetheless, that the losses will have almost disappeared by the end of the year, apart from the cost of paying more dockers than it needs under the national scheme which gives them jobs for life.

"We are in a winnable position," he said this week. But achieving the Government's deadline would be "almighty difficult." Britain's numerous ports are in tough competition in the recession and the PLA still has further to go in its cost-cutting exercise.

London has reduced its labour force dramatically in recent years and employs less than 5,000 dockworkers against well over 20,000 in the mid-1960s, when the upriver docks were crammed full of general cargo ships.

With more cargoes being carried in steel containers and the EEC accounting for more business, the emphasis at the PLA has shifted 15 miles down the River Thames to the more modern facilities of Tilbury.

From his base there Mr Black works an 11-hour day on the problems and operations of the PLA, which closed the last of its up-river docks, the three Royal Docks, last autumn.

These were losing more than £6m a year and the tonnage handled was tiny compared to the levels of 20 years ago. The Royal Victoria Dock had opened in 1855, followed 25 years later by the Royal Albert. The George V was 60 old.

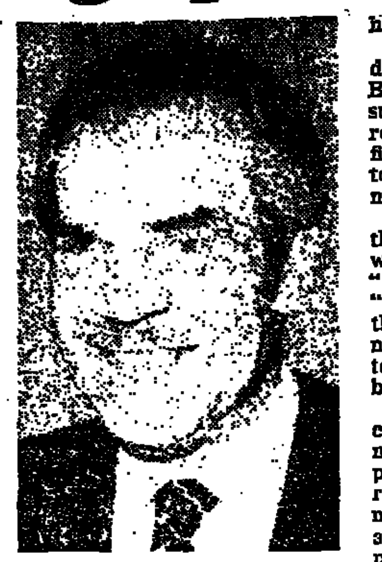
Since there are more than twice as many foreign shipping companies using the PLA as British ones, a reversal of the position a decade ago, the port has to market its services aggressively around the world.

And any business that London manages to win, said Mr Black, "has got to be business now coming into the country somewhere else." There will not, he noted, "suddenly be half a million tons of cargo springing up from nowhere."

Much of Mr Black's confidence in the PLA's "winnable position" stems from London's strategic position in the South-East. Up to 60 per cent of Britain's sea trade flows across the southern North Sea, right on the port's doorstep.

"London is in a tremendous position. It is close to the EEC and at the centre of a population of 17m people, a third of those in the UK."

But Mr Black's confidence will be tested severely in this and coming years. The port has a heavy debt burden of some £100m and while losses eased



Mr Black . . . stiff challenge

"quite significantly" last year, they still have to be overcome.

Each day the PLA has a surplus of about 350 dockers which it has to send home with pay at a cost of several million pounds a year.

Last year, about 800 dockers opted for generous severance payments and 350 staff also left. The authority also has to pay an interest rate bill of £11m a year.

If the PLA does meet or approach the target—its labour force will have to come down by a further few hundred men in the process—the Government will then consider easing its heavy debt burden.

Most of the £100m or so of debt is owed to the Government. But a look at the balance sheet suggests that about half of this relates to borrowing to help finance severance payments or to build dock facilities which are now obsolete.

It remains to be seen whether the Government will agree to write off part or all of this. "Unless," said Mr Black, "there is some alleviation of this sort of burden, we shall not be able to move to a more to a more profitable and viable basis."

Unlike some continental countries the UK has no national ports or maritime policy. Many European ports receive financial assistance for maintenance and development, and efforts at harmonising EEC policies on port subsidies have yet to bear proper results.

"It is very difficult for London or other British ports to compete in the European market." Even within the UK, the fight for business is strenuous. "The UK has too many ports. Shipping companies play one off against the other."

But Mr Black does not blame them for this. He is concerned, though, that the PLA should provide a high level of service without seeing its costs soar again.

The next year or so will prove whether determination and hard work are enough to sort out the PLA's awesome problems.

Court move against Mason unopposed

By Raymond Hughes, Law Courts Correspondent

MRS PAMELA MASON did not oppose a move in the High Court yesterday to take out of her hands the administration of the estate of her father, Mr Isadore Ostrer, one of the founders of Illingworth Morris, the world's largest woollen textile business.

Mrs Mason's half-sister, Mrs Isabella Blench, asked the court to replace Mrs Mason by the judicial trustee.

Mr Michael Essayan, QC for Mrs Blench, said that among the matter she wanted the judicial trustee to look at was the sale by Mrs Mason of the 46 per cent of Illingworth Morris shares she controlled.

Last October Mrs Mason agreed to sell her 46 per cent holding in Illingworth Morris to an Isle of Man company, Abele, for more than £1m.

Mr Essayan, said the estate had very substantial tax liabilities—those for capital transfer tax having been put by Mrs Mason at about £1m.

It was a matter of concern that Mrs Mason was suggesting the estate was insolvent. The hearing continues.

Aviation safety

AVIATION safety improved in 1981 in terms of people killed in air crashes, according to a survey compiled by Flight International.

The aviation journal says no wide-bodied jets crashed last year, but there were 29 fatal accidents to aircraft in which 710 people died, compared with 28 crashes involving 1,144 deaths in 1980, and 20 accidents in 1979 when 1,267 people died.

Construction orders

NEW ORDERS received by the construction industry were down 11 per cent in the three months September to November but were 9 per onet higher than in the comparable 1980 period.

New contracts in the public housing sector in the same period were 35 per cent higher than in the previous three months and 9 per cent up on the same period of 1980.

The port of Felixstowe will build a second Freightliner terminal to handle rail containers at a cost of £3.5m of which 40 per cent of the cost will be met by a Government grant.

The new terminal at the port, owned by European Ferries, will enable it to handle 150,000 rail containers a year.

Legal information

WESTLAW, the on-line legal research service of West Publishing of St Paul, Minnesota, and Eurolex, the UK-based system of the International Thomson Organisation, have undertaken to make available to their respective subscribers the other's full-text legal database. Subscribers to either service will have access to the most comprehensive range of legal material ever available on-line. This represents an important law development in the legal information industry.

Marconi to sack 750 with loss of Sea Wolf contract

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE MARCONI company has announced that 750 jobs are to be lost at two of its plants because the Minstry of Defence has cancelled the final part of an order for tracking and surveilance radar for the Royal Navy's Sea Wolf missile.

Confirming the cancellation yesterday, the Ministry of Defence said its action should be see nin the context of "the process of adjusting weapons and equipment programmes to match the reduced size of the surface fleet."

Last June, Mr John Nott, the Defence Secretary, announced major cuts in the Royal Navy's budget over the next five years involving the sale or disposal of some 20 warships. Additionally certain ships, such as the Leander class frigates, will no longer have their planned "mid-life" refit.

Cancellation of the contract for Sea Wolf radar systems with Marconi was seen yesterday in the context of the Leander frigate refits, since the vessels were due to be equipped with the Mark 1 heavyweight Sea Wolf, regarded as a potentially revolutionary weapons systems because of its pinpoint accuracy.

However, there was some confusion in defence circles yesterday concerning the precise status of the Navy's contracts for Sea Wolf. The weapon's three major components—its tracking and surveillance system, the missiles themselves and the missile launchers—are made respectively by Marconi, British Aerospace Dynamics Group and Vickers Shipbuilding.

Vickers said yesterday that although the company believed it could lose some £18m worth of business as a result of the defence review, manufacture of the 11 Sea Wolf launchers ordered by the Navy was not among such contracts and was continuing. British Aerospace said that it had not been asked to halt missile production, although following a request several months ago from the Ministry of Defence, this was now going ahead at a rather slower rate.

Neither Marconi nor the Ministry of Defence would say what sums were involved in the cancellation. The Ministry said it is discussing cancellation charges with the company.

Marconi said it had proved impossible to find other jobs for 460 production-line workers at Chelmsford and another 290 at Gateshead, who had been given redundancy notices.

Cancellation of a critical component of the Sea Wolf contract has added further uncertainty to the future of the system with the Royal Navy. Marconi and British Aerospace have submitted competitive proposals to the MoD for a Mark 2 lightweight Sea Wolf for possible use on a new generation of frigates such as the Type 23. However, the future of this vessel, barely on the drawing-board, is in greater doubt following last June's defence review.

Pressure on BNOC to trim oil prices

By Ray Dafter, Energy Editor

THE British National Oil Corporation is coming under renewed pressure to reduce North Sea oil prices following a marked fall in spot market rates.

A spot cargo of crude oil from the Brent Field was sold yesterday at a reported price of about $35.50—more than 50 cents below the market price last week and more than a dollar below the $36.60 contract price for Brent crude.

Higher quality oil from the Norwegian Ekofisk Field was reported to be offered at about $36 a barrel—$1.25 below the official contract price. But there were few companies interested in buying.

Some refiners of North Sea crude oil complained the contract price was too high, given the surplus of cheaper crudes in the international market. But BNOC, the major trader of UK oil—and therefore the pricing leader—was last night resisting pressure for a price reduction. It said present levels were agreed only a few weeks ago.

High production

If the present glut in world oil supplies continues, BNOC may be forced to trim contract rates for the April-June quarter. Such a move would reduce the costs of UK refiners and help keep down the price of petrol and other products.

It is understood that Shell UK, one of the major producers and refiners of North Sea oil, is discussing new contract terms with BNOC. These will lead to Shell buying less oil from the corporation in the second quarter. At present, Shell buys 67,000 barrels a day from BNOC.

The pressure on spot prices stems partly from Saudi Arabia's continued high production of medium-priced crude.

The spot price of Saudi Light was yesterday said to be about $34.20 to $34.30 a barrel, slightly above the contract price of $34. But virtually all other grades of crude were being traded at a discount on the spot market.

According to a London trader non-Saudi oil was being sold for about 75 cents to $1 a barrel below official prices.

This has led to speculation that producers of oil significantly lighter or heavier than Saudi Light—including North Sea producers—will soon be forced to reduce contract rates.

Other influences are affecting North Sea prices. Industry traders reported that African oil, similar in quality to North Sea crudes, was being sold by Nigeria and Libya at special discounts. Some cargoes have apparently been offered at a delivered (carriage paid) rate to disguise the extent of discounts.

Sizewell B inquiry delayed to allow scrutiny of evidence

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Government has delayed a start to the public inquiry into the Sizewell B nuclear project until early January next year, to give witnesses at least six months to examine key documents before the inquiry.

MPs were told of the Cabinet's decision on plans to build Britain's first power station based on an American pressurised water reactor (PWR) by Mr Nigel Lawson, Energy Secretary, yesterday.

Mr Lawson said arrangements the Government was making for the public inquiry "will ensure that the Central Electricity Generating Board's application is thoroughly and properly examined.

He had asked Dr Walter Marshall, chairman of the UK Atomic Energy Authority, to continue co-ordinating the nuclear industry's efforts through his task force.

Four key dates for witnesses at the Sizewell public inquiry were disclosed yesterday (See table).

At a press conference in London Dr Marshall, as chairman of the task force set up last summer to oversee the project, promised full publication of the crucial pre-construction safety report by the end of April.

The only deletions would be to safeguard proprietary information, and even then the task force was prepared to disclose this information if a good case was made.

Dr Marshall said he had no reason to alter his previously expressed opinion that he would be very disappointed if power from Sizewell B did not work out 30 per cent cheaper than the equivalent amount of power from the advanced gas-cooled reactors (AGR).

But Sizewell B was about 20 per cent more expensive than the U.S. power station design, called SNUPPS, on which it was based.

This was because the task force had reinforced the nuclear safety systems of the Sizewell B reactor.

Additions to safety include the use of four independent emergency core cooling systems—the key safety feature—where U.S. and French PWRs use only two.

Mr Brian George, the CEGB's director of the PWR project, said that although the public inquiry would not start until early next year the CEGB could still make a start to construction, as planned, in the spring of 1984.

MILESTONES FOR SIZEWELL B PROJECT

Publication of pre-construction safety report	April 30, 1982
Publication of full safety case	About end-June, 1982
Start of public inquiry	Early-January, 1983
Start of construction	Spring, 1984

Royal Navy cruiser sold to Pakistan

THE GOVERNMENT yesterday announced the sale of one of the Royal Navy's light cruisers, the London, to Pakistan as part of its drive to cut defence costs.

The 6,300 ton vessel is one of 20 Royal Navy cruisers, destroyers and frigates due for sale or demolition in the next three years. The decision to sell or dispose of the ships was announced in last June's defence review.

HMS London is the fourth ship to have found a definite buyer. Her sister ship Norfolk has been bought by Chile and two Leander class frigates, Dido and Bacchante, and being sold to New Zealand.

HMS London, launched by Swan Hunter in 1961 and commissioned in 1963, will be delivered "early this year" according to the Defence Ministry. No price is quoted, although the ship is said to be going to Pakistan at a "low price."

The original cost of a County Class cruiser, like London was between £14m and £17m, and—at 1976 prices—each ship cost nearly £5m a year to run.

In the next year nine major warships are due to leave the fleet, including Intrepid, the amphibious assault ship, one destroyer and three frigates.

Negotiations are under way for the sale of one of Britain's three new aircraft carriers, the Invincible, to Australia.

The purchase of the ship has been delayed partly because Australia wants to pay in instalments while the Defence Ministry is insisting on a lump sum payment.

HMS Endurance is also due for disposal soon. It is Britain's only ship adapted for work in the Antarctic. Suggestions that the 3,600-ton vessel will be sold to Brazil, which has shown interest, have aroused controversy among Tory MPs and peers who say the sale would weaken Britain's position in the Falklands and Antarctica.

Scottish ethylene plant may shut

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BP CHEMICALS may shut one of its giant petrochemical plants at Grangemouth in Scotland unless the Government provides tax concessions on its gas feedstock.

The threatened plant has the capacity to produce 250,000 tonnes a year of ethylene — the "building block" of the petrochemical industry which is used to make a range of products from solvents to plastics. It was built in 1968 and needs new furnaces costing about £20m.

BP Chemicals, which lost more than £150m last year, wants to spend £25m converting the plant to use ethane gas instead of oil-based naphtha as its raw material. The company believes this would make it competitive with the 500,000 tonnes a year ethylene plant being built by Shell/Esso at Mossmorran in Fife.

The Mossmorran plant will use ethane gas from Shell/Esso's Brent field in the North Sea. Last summer Esso Chemical won a special tax deal for the gas after it threatened to cancel the £500m project.

North Sea ethane gas is subject to the normal 70 per cent Petroleum Revenue Tax. This means itis in the interests of chemical companies to pay as little as possible for their ethane so as to minimise their tax bills.

The Government is believed to have accepted Shell/Esso's in-house transfer price for ethane for Petroleum Revenue tax purposes. The ethane gas will be separated out from other gases at Shell's gas separation plant at Mossmorran and sent over the fence to Esso's ethylene plant.

The Shell/Esso tax deal is thought to have been agreed for a 14-year period with reviews every five years.

But BP Chemicals has little ethane of its own. The company will have to buy in ethane if it wants to use it as a raw material at the Grangemouth complex where a total of 1,700 people are employed. Under present arrangements it would have to pay tax on the full market price.

The company believes this would raise its costs substantially, and its planned conversion of the elderly Grangemouth cracker would therefore become uneconomic.

The alternative to conversion would almost certainly be a complete shutdown of the Grangemouth ethylene plant. The whole of Western Europe is suffering from massive overcapacity in ethylene, and chemical industry leaders have repeatedly stressed the need to close older, less economic plants.

The UK alone will have seven ethylene plants when the Mossmorran project is completed in 1985-86. Industry experts insist that at least one of these needs to be closed if supply and demand are to be brought into balance and profitability restored.

De Lorean in talks over mounting cash crisis

BY OUR BELFAST CORRESPONDENT

MR JOHN DE LOREAN, chairman of the Government-backed sports car company, yesterday had two hours of talks in Belfast with senior Northern Ireland Government officials about the company's mounting cash problems and the slump in U.S. car sales.

De Lorean management later spoke to union officials representing 2,600 workers at the West Belfast assembly plant. Union leaders have expressed fears that the company may have to reduce the labour force, but there was no announcement to this effect after a De Lorean board meeting.

Mr De Lorean's discussions with the Northern Ireland Department of Commerce and the Northern Ireland Development Agency were kept confidential. However, it is understood he was told that Northern Ireland Government departments could not help the company with its request for £30m in export finance guarantees.

De Lorean executives met the Export Credit Guarantee Department in London on Monday for talks on guarantees. The company has so far been unable to obtain ECGD approval.

It was unclear whether Department of Commerce officials gave Mr De Lorean any more details of the Government's riview of its relationship with the company, announced by Mr Adam Butler, the Northern Ireland Industry Minister, on Tuesday. The Government wants to improve its monitoring of company performance and its representation on the De Lorean board.

The Government has committed £80m to the project through grants, loans, equity and guarantees. Mr Butler announced that the Government would extend the guarantees on working capital loans of £10m to May 31 and £5m from June 1 to August 31.

De Lorean's problems have forced the assembly plant to cut production from 400 cars a week to an undisclosed figure of between 200 and 300 cars. More than 400 men on the night shift were told not to report this week.

Clothing jobs cut

TWO HUNDRED workers at the Derwest Jennings clothing factory at Barrow in Furness, Cumbria, are to lose their jobs in May. The company is part of the Carrington-Viyella group which is also to close a factory at Ditton near Widnes with the loss of 180 jobs.

Milk Board finds use for whey

By David Fishlock, Science Editor

WHEY, a by-product of cheese manufacture, is to be converted into a human food additive by a biotechnology process the Milk Marketing Board is commissioning in Aston in Cheshire.

The process, announced yesterday by Dairy Crest, the board's commercial arm, turns what has been virtually an industrial waste into a syrupy mixture of sugars for use in bakery, confectionery and ice-cream making.

It is the outcome of a collaboration between Dairy Crest, Britain's biggest cheese manufacturer, and Corning Glass, a U.S. speciality glass-making company with a growing involvement in biotechnology.

Corning has developed the "living catalyst" used to ferment whey and convert it into two sugars, glucose and galactose.

Sir Robert Stephens, chairman of the Milk Marketing Board, said it was a neat twist to apply a new biotechnology technique to one of the oldest uses for biotechnology, cheese-making.

Whey contains lactose (milk-sugar), which is weak and not very soluble, used mainly as a filler in pill-making by the drug industry.

But lactose can be split by a micro-organism called lactase into the more powerful sweeteners.

Corning's contribution was to anchor this costly micro-organism — an enzyme — to glass beads so it would not be washed away in the process.

Computerised job service launched

BY JAMES McDONALD

A COMPUTERISED job-hunting service—matching individual professional and executive requirements with recruitment advertisements in British and overseas publications—is being offered by a new company, Datasearch Services.

Synopses of relevant recruitment advertisements from more than 200 newspapers, magazines and periodicals published in the UK and abroad are matched and mailed daily, by first class post, to individual clients, rather like a computerised Press cutting service.

The system is aimed at individuals and is being offered to companies as part of a total redundancy "package" they could offer to staff they are shedding.

Datasearch is offering the service to individuals for £26 a month. Mr Clive Deverell, marketing director, said about 16,000 professional and executive jobs were being advertised each month in the UK. The subscription rate was much cheaper than buying even a quarter of the range of publications that would be needed to adequately cover the market.

Datasearch is capitalised at more than £200,000 and the investors include a number of individuals, an engineering company, a pension fund (the South Yorkshire County Council pension fund), and an investment trust (Bankers Investment Trust).

The service expects to process about 1,000 advertisements a day and has the capacity to deal with more than 2,000. It has a full-time staff of 12 and 12 part-time encoders.

Subscribers' application forms and requirements are individually keyed into the organisation's computer, with each entry encoded under nine headings. Advertisement information is keyed into the computer and automatically filed in the appropriate "match band."

SALEROOM

BY ANTONY THORNCROFT

KOOPMAN, the London dealer, paid £5,940 at Christie's yesterday for a George II epergne, an ornamental centrepiece, weighing 193 oz and probably the work of William Cripps. It was the top price in a silver sale which totalled £76,538.

Another London dealer, Montanaro, gave £5,616 for four Victorian fruit baskets made by George Fox in 1872 and weighing 209 oz.

At the Sotheby's wine sale there was some recovery in port prices and renewed interest in burgundies. The mediocre wines showed no appreciation but the £310 for a dozen bottles of Chateau Lynch Baages 1961 and the £230 a dozen for Corton Charlemagne, Ancien Domaine des Contes de Grancey, 1966, were auction records for these vintages.

Plans to introduce work permits divides Guernsey community

Edward Owen reports on the issues separating business from the unions

GUERNSEY'S parliament will decide next week whether to take a step advocated by some islanders for many years and strongly opposed by the local business community—the introduction of work permits for all newcomers, including those from the UK mainland.

Legislation allowing for limited employment control in specified industries was passed in 1974, but was never put into effect because it was followed by a period of prosperity with little local unemployment.

In the past two years, mainly owing to a recession in the horticultural industry, Guernsey has been experiencing its worst unemployment since the war—although the percentage of jobless, 1,300 out of a working population of 26,400, is still well below the European average.

The island's labour and welfare committee considers it is time to introduce employment control and in a more comprehensive form than originally envisaged.

The proposals it has put forward would cover a newcomer wanting to work in any trade, industry or branch of commerce, including the self-employed. They would apply retrospectively from January 8. envisaged.

Mr Stan Brouard, president of the labour committee, made it clear the scheme is chiefly aimed at workers imported for a particular project who then stay on, allegedly taking jobs locals could do.

The Guernsey branch of the Transport and General Workers' Union, the most powerful voice of labour on the island, has said it is fully behind the proposals and has accused the business community of taking "a totally self-interested position" in opposing them.

The business community says Guernsey's existing housing law, which controls the occupation of residential accommodation by non-islanders, provides a sufficient curb on immigration.

To add yet another layer of control, businessmen say, would put off the very people the island is anxious to attract—industrialists and entrepreneurs who can create jobs to offset those lost in horticulture.

One of the inducements being held out to mainland investors to the island's recently formed Department of Commerce and Industry is Guernsey's freedom from "red tape"—an inducement that would hardly carry conviction, it is argued, if prospective employers had to surmount the double hurdle of housing licences and work permits.

The business community is also sceptical of the labour committee's contention that immigrant workers are depriving islanders of jobs. To support this the committee cites the fact that 1,200 immigrant workers entered the island in the first nine months of last year during a period when there were never fewer than 500 local unemployed and at one time more than 1,200.

The employers' reply that local people are often either unwilling to take the jobs given to immigrants, as in the hotel and catering trade, or lack necessary qualifications. Because of the island's housing controls, companies would always prefer to take on residentially qualified people if they could, it is maintained.

The fears of the business and professional community were given a full airing at a meeting called earlier this month by the Guernsey Chamber of Commerce.

Despite assurances by Mr Brouard that the new powers would not be used in a way that would harm the economy of the island, the speakers foresaw many problems, anomalies and possible injustices arising.

There were clearly suspicions that the unions were in favour of work permits because a limited labour pool would strengthen their bargaining position.

The island parliament has recently agreed to spend an initial £125,000 on developing light industry and more restrictions might not be seen as a good start.

Ezra calls for urgent drive in West to speed switch from oil to coal

BY MARTIN DICKSON, ENERGY CORRESPONDENT

INITIATIVES by Western governments to encourage industry to convert its boilers from oil-firing back to coal are needed urgently, Sir Derek Ezra, chairman of the National Coal Board, said yesterday.

He said at a Financial Times conference on World Coal Markets that the soft oil market had "induced a feeling of complacency in the Western industrialised world to the extent that recession-hit industry is reluctant to commit the investment necessary to convert from oil to coal."

Recession did not mean that the longer-term problems of industry's dependence on oil would go away and now was the time to tackle the problem. "The way forward is for governments to create the financial climate that will encourage industry to change to coal."

The British Government's oil-to-coal conversion grant scheme and a similar plan in France were moves in the right direction, but more initiatives were needed to meet the target of the 1980 Western Venice summit meeting—to double coal use over the next 10 years.

Dr Ulf Lantzke, director of the International Energy Agency, said the West would face serious problems if it relaxed its efforts to reduce oil consumption.

Current projections by countries represented at the Venice summit suggested that many of the goals it hoped to achieve could be met.

Oil's share of total energy consumption in 1990 was expected to be 39 per cent; the Venice goal was a reduction from some 50 per cent now to 40 per cent.

In 1980 world coal trade had increased by about 9 per cent with record exports from Australia, the U.S. and South Africa. IEA member countries expected to increase their use of coal for electricity generation by more than 40 per cent in the coming decade.

But there still were some troubling questions about the future penetration of coal in electricity generation. There

WORLD COAL MARKETS CONFERENCE

were uncertainties about the rate of growth of electricity demand, the financial position of utilities and the contribution of nuclear energy.

Mr Zoltan Merszei, vice chairman of Occidental Petroleum, said coal would be a key feedstock for chemicals in the future. In another decade or so, ethylene from coal could replace ethylene from petroleum in a major way.

The major deterrent to a rapid return to coal feedstocks was the high capital investment needed for current coal conversion technologies.

The shift to coal would start to accelerate in the 1980s as new facilities were built to supplement or replace existing ones.

Roger Taylor

Sir Derek Ezra (centre), chairman of the National Coal Board, with Mr Francesco Cortellini (left), chairman of ENEL and Dr Ulf Lantzke, director of the International Energy Agency, yesterday.

Dr G. K. T. Chiepe, Botswana's Minister for Mineral Resources, said her country expected to export 15m to 20m tonnes of coal by the mid-1990s although the figure could be higher.

Mr Jorge Cock, president of Carbocol, the Colombian state-owned company, told the conference production from the Cerrejon Zona Norte project, being developed in conjunction with Exxon, would start in 1986 at 7m tonnes a year and build up to 15m tonnes in 1989. The project would mean a totally-integrated infrastructure from mine to port, costing almost $3bn (£1.6bn) to develop.

Mr D. S. Carruthers, managing director of Pacific Coal, said four factors were likely to constrain the supply of Australian coal during the 1980s—industrial relations, a shortage of professional staff, port capacity and capital investment requirements, which could total about $9bn (in 1980 money) from 1981 to 1990 to meet an export level of 93m tonnes by the end of the decade.

Mr Garnet Page, president of the Coal Association of Canada, said huge $18bn capital investment would be needed in the 1980s to increase the capacity of the country's two major railways if Canada was to meet the projected large increases in export demand for coal and other products.

Mr B. Kanungo, general manager of Coal India, said demand there was likely to increase from 123m tonnes in 1981-82 to more than 150m tonnes in 1984-85 and 260-280m tonnes in 1989-90.

Mr Detlef Wiegand, chief economist for Bergbau-Forschung, the West German coal research organisation, said the conventional gasification of West European hard coal had not reached a breakeven point. The production cost of synthetic natural gas from West European hard coal was about twice the current purchase price of natural gas.

Producing petrol from coal was about four times as expensive as producing it from crude oil, although this gap could be reduced by the use of cheap, imported coal.

Mr Wiegand concluded that while synthesis gas plants could be built in Europe by the mid-1980s, coal liquefaction on a large scale was not expected before 1990.

Mr Francesco Cortellini, chairman of ENEL, the Italian electricity utility, said the return of fuel oil as a competitor with coal could not be ruled out. Oil producers could lower the price of fuel oil and coal producers must make every effort to cut their production, transport and handling costs.

Mr Minoru Tada, manager of Nippon Steel, U.S., said the Japanese steel industry had reduced substantially its consumption of oil and switched to coal. Japan's requirements for coking coal might reach 72m tonnes in 1985 and 79m tonnes in 1990, compared with 68m tonnes in 1980.

Council ordered to reinstate sacked catering women

BY JOHN LLOYD, LABOUR CORRESPONDENT

A BIRMINGHAM industrial tribunal has told Walsall Council that it must reinstate four dinner-ladies, sacked last year for refusing to join an appropriate union.

The council immediately said it would not give the women their jobs back. Mr Brian Powell, the council leader, said: "We are not prepared to re-employ four and have four thousand (the size of Walsall's manual labour force) out on strike."

All four women—Mrs Doris Todd, Mrs Wendy Clift, Mrs Gloria Price and Mrs Irene Russell—said that they wished to be reinstated. Mrs Clift told the tribunal that she "would not join a union at any price."

The council signed a closed shop agreement last June with its manual unions—the National Union of Public Employees and the General and Municipal Workers Union.

The tribunal has given the council two months in which to consider reinstating the four women. However, the council said last night that the decision not to take them back was unlikely to be overturned at the council meeting, which considers the issue in seven weeks' time.

The decision will throw the spotlight once more on the closed shop debate, which figures prominently in the proposals put forward at the end of last year by Mr Norman Tebbit, the Employment Secretary. Mr Tebbit has proposed raising the limit for unfair dismissal, where an employer refuses to reinstate, from its present £17,000 to over £24,000.

However, the four dinner ladies are unlikely to receive a sum approaching £17,000. The maximum awards are based on an income of £130 a week and on more than 20 years' service, for which they do not qualify.

The ladies' costs were partly met by the Freedom Association, whose vice-chairman, Mr Norris McWhirter, attended the hearing.

He said: "I sincerely hope this reinstatement order will work. If not, it will be expensive for the council."

Manpower scheme to cut jobless in London

By Our Labour Correspondent

THE GREATER London Council is to set up a Manpower Board, aimed at reducing the city's 326,238 unemployment total.

It will work closely with the Greater London Enterprise Board which was started by the GLC to encourage new enterprises in the capital.

The Manpower Board's work will involve preparing a scheme for London and boosting training provisions.

Sir Ashley Bramall, former chairman of the Inner London Education Authority, will be chairman of the board.

He said yesterday that the board's first task will be to study the concentration of unemployment in inner London, especially in Dockland.

The second problem in the city is the mismatch between skills workers have and jobs that are available. "This makes it important to improve the quality and quantity of training," he said.

"Thirdly, we will be considering the problem of equal opportunities which has resulted in some groups suffering a disproportionate share of unemployment and low earnings," he added.

TUC to study action on reforms

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is calling a special conference of union executive committees on April 5 to decide whether to use the strike weapon against the Government's new labour laws.

The last such conference was held in 1969 to discuss the then Labour government's "In Place of Strife" proposals, which were subsequently ditched.

With union leaders stepping up the pressure for a programme of retaliation, the TUC was challenged at a House of Commons Select Committee yesterday to say whether it intended to break the law.

In answer to Mr John Gorst, Conservative MP for Hendon North, Mr Len Murray, TUC General Secretary, replied that trade unions respected the law.

"We don't set out wantonly and deliberately to flout the law." Mr Murray said. But if the law prevents trade unionists from exercising their proper functions "they will say 'I cannot live with this law' and we shall take the consequences of what flows from that."

A preliminary discussion of the tactics the unions will deploy was held by the TUC's Employment Policy and Organisation Committee yesterday. Proposals will be worked out in detail next month and put to the special conference in the Wembley Centre, North London, where some 1,500 delegates will decide whether industrial will be taken.

Focus of the unions' hostility is the Employment Bill exposing trade union funds to civil suits for damages and further loosening the closed shop. It is due to be published in 10 days.

The General and Municipal Workers Union has said that the TUC should co-ordinate protest action throughout an entire industry if one employer in that industry sues a trade union. This is the principle tactic for debate and looks likely to command wide support.

The TUC is also being asked to mount short general strikes lasting perhaps an hour or a day at a time..

It may contribute to the legal expenses of trade unions sued by employers and indemnify them against damages. Some unions want a special fund.

The question of penalising unions that disobey the TUC's advice or instructions was raised yesterday. But some union leaders thought that was an unnecessary and possibly divisive step to take.

There are moves to pull the TUC's six representatives off the National Economic Development Council in protest at the CBI's support for legislative curbs on the unions. General Secretaries are more wary of this idea in case it might disadvantage the unions more than the CBI or the government, its partners in the NEDC.

Union seeks talks on Royal Bank merger bids

By Brian Groom, Labour Staff

THE BANKING Insurance and Finance Union (Bifu) plans to meet all the banks involved in the two thwarted £500m bids for the Royal Bank of Scotland Group.

Bifu, which did not oppose a merger with an international bank, is concerned about new uncertainties created by the Government's decision to block the bids by Standard Chartered Bank and Hongkong and Shanghai Banking Corporation.

Bifu saw a merger as likely to improve the job prospects of its 6,400 members at the Royal Bank by opening up the international area.

The creation of a larger group could also bolster the competitive position in the English high street of Williams and Glyn's, a part of the RBS group in which Bifu has 4,700 members.

Mr David Paterson, Bifu's deputy general secretary (Scotland), said he was "a bit disappointed" by the Government's decision, but not pessimistic.

The union's steering committee on the takeover proposals will meet on February 8, and will make recommendations to a meeting of Bifu's executive council

Peace deal reached at Southampton docks

BY BRIAN GROOM, LABOUR STAFF

THE PORT of Southampton is set to resume normal operations this wekend for the first time in four months after the British Transport Docks Board reached a peace deal with leaders of the foremen, dockers and cargo checkers.

Although employers remain cautious after a series of setbacks, it appears the port's 10 months of almost continuous disputes may be over.

The deal was ratified yesterday at mass meetings of the 1,400 dockers and 150 checkers. The 140 foremen, who went on strike last week in an attempt to retain agreements which allowed them to work extra shifts in overtime, are expected to follow suit.

The board said the compromise followed a warning from Mr John Williams, the port director, that some sections of the docks faced closure if no settlement was reached.

It is believed the board, which has lost millions of pounds in the disputes, warned it could not afford to continue paying workers.

The dockers had insisted other groups, such as foremen and checkers, should not be allowed to work double shifts while dockers were sent home for lack of work.

Foremen's leaders have agreed their men will work double shifts after March 31 only if all dockers are working. If there is a surplus, alternative arrangements—yet to be finalised—will be implemented.

The checkers, who agreed in principle to a substantial cut in double shift working weeks ago, yesterday reluctantly agreed to return to normal working under terms agreed with their union, the National Union of Railwaymen, before Christmas. Outstanding issues may be pursued separately.

Employers must now try to win back lost business. Negotiations on a new long-term deal with the port's biggest customer, the Trio Lines container consortium, are well advanced.

Cleaning contract attacked

BY CARMEL FITZSIMONS

COUNCIL WORKERS in Wandsworth, London, will meet next week to discuss possible industrial action in protest at the takeover of the borough's street cleaning services by private contractors.

The decision by the Conservative-controlled council on Monday to award a £4.5m contract to Prichard Industrial Services has been attacked by Mr Tony Belton, the leader of the Labour group, as an assault on pay and living conditions.

"Council workers have been offered jobs by the company but they will lose their index-linked pension, have shorter holidays and will generally be worse off."

Union response to the takeover has also been hostile. Ms Elizabeth Johnson, Nalgo branch secretary in Wandsworth, said: "Pritchards are putting this contract in the shop window, as a loss-leader. This money is peanuts to them but even though they lose money they will attract more business."

But Mr Peter Fox, a chairman of Pritchards, said the company had never costed any of its operations at a loss.

Flexible work practices sought at Vosper yard

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is pressing for more flexible working practices at the loss-making Vosper Shiprepairers in Southampton.

Mr Robert Atkinson, its chairman, told a Commons Industry and Trade Committee hearing yesterday that unless these were achieved, the group doubted whether the yard could be made profitable.

Losses on the repair side have been falling and the division hopes to break even in the next financial year, although the central BS management feels a small loss is still likely.

The workforce at Vosper was cut last year from 1,100 to 520.

"I am not threatening to close anything down," Mr Atkinson said last night.

Asked during the Commons hearing if BS might consider selling the yard if a return to the black could not be achieved, he said: "We might do that. But who to?"

The repair division as a whole made a £7.3m trading loss in the year to March 31 1981.

Mr Atkinson did not spell out what changes would be requested from the Vosper workforce, but said they involved an easing of demarcation.

Mr Atkinson said he would meet the trade unions representing all British Shipbuilders workers on January 28

Apex votes for sanctions on insurance group

By Our Labour Staff

MEMBERS of the Association of Professional, Executive, Clerical and Computer Staff (Apex) at the General Accident insurance company have voted 4-1 in a secret ballot to impose sanctions over a 7.8 per cent pay offer.

Mr Keith Standring, Apex national secretary, said the union's 1,200 members would begin a work-to-rule and overtime ban on February 1 if the company did not indicate by January 28 that it would improve its offer, which also includes a down payment on bonus scheme money.

The Association of Scientific, Technical and Managerial Staffs is balloting its 5,500 members and may impose sanctions.

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
American Express Bk.	14½%	■ Hambros Bank	14½%
Amro Bank	14½%	Heritable & Gen. Trust	14½%
Henry Ansbacher	14½%	■ Hill Samuel	§14½%
Arbuthnot Latham	14½%	C. Hoare & Co.	†14½%
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14½%
Banco de Bilbao	14½%	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14½%	Mallinhall Limited	14½%
Bank Leumi (UK) plc	14½%	Edward Manson & Co.	15½%
Bank of Cyprus	14½%	Midland Bank	14½%
Bank Street Sec. Ltd.	16 %	■ Samuel Montagu	14½%
Bank of N.S.W.	14½%	■ Morgan Grenfell	14½%
Banque Belge Ltd.	14½%	National Westminster	14½%
Banque du Rhone et de la Tamise S.A.	15 %	Norwich General Trust	14½%
Barclays Bank	14½%	P. S. Refson & Co.	14½%
Beneficial Trust Ltd.	15½%	Roxburghe Guarantee	15 %
Bremar Holdings Ltd.	15½%	E. S. Schwab	14½%
Bristol & West Invest.	16 %	Slavenburg's Bank	14½%
Brit. Bank of Mid. East	14½%	Standard Chartered	‖14½%
■ Brown Shipley	15 %	Trade Dev. Bank	14½%
Canada Perm't Trust	15 %	Trustee Savings Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14½%
Cayzer Ltd.	15 %	United Bank of Kuwait	14½%
Cedar Holdings	15 %	Whiteaway Laidlaw	15 %
■ Charterhouse Japhet	15 %	Williams & Glyn's	14½%
Choulartons	15 %	Wintrust Secs. Ltd.	14½%
Citibank Savings	¶15 %	Yorkshire Bank	14½%
Clydesdale Bank	14½%		
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¾%.
‡ Call deposits £1,000 and over 12¾%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

UK NEWS – PARLIAMENT and POLITICS

Tory chairman voices growing fears of alliance

BY IVOR OWEN

GROWING FEARS among senior ministers that the Conservatives could be the main casualty of the SDP/Liberal Alliance at the next general election were reflected in a speech by Mr Cecil Parkinson, the party chairman, at Westminster yesterday.

Highlighting the danger that the success of the alliance could deny Mrs Thatcher a renewed mandate, he warned Conservative supporters not to be lulled into a false sense of security by the conflict and divisions in the Labour Party.

Mr Parkinson told a parliamentary press gallery lunch that the Labour Party would not come into the next general election in its present state.

"I am convinced that those who write the Labour Party off and have come to a decision now have reached a premature decision," he said.

United front

"The one thing which unites the Labour Party is either power, or the prospect of power, and I believe that with the approach of the general election the pressures on the Labour Party to present a united front will become ever stronger, and I believe the party will respond to them, and those who think the Labour Party will go into the next election in its present state are, in my view, totally wrong."

He recalled that Labour's electoral successes in the years since the second world war had coincided with a large protest vote which boosted support for third parties.

For this reason, he said, Labour must view the alliance not just as a threat but as an opportunity.

Mr Parkinson asked whether the SDP would become a major force in British politics, and in the course of not giving a definitive answer scoffed at the record of its leading members.

He embarked on the task of demolition by contending that the "best and most able people" in the Labour Party had not left to join the SDP.

Nor, he claimed, would Mrs Shirley Williams, Dr David Owen and Mr Bill Rodgers—the three former members of the Callaghan Cabinet who had defected—have been a dominant force in government had Labour won the 1979 general election.

He added: "Few of the others who have left would have had any role in a Labour government, even a minor one."

He dismissed Mr Roy Jenkins as the most deflationary Chancellor since the war.

"He has not got a very great record as a person who, given the chance, pursued reflationary policies. He would have had no truck at all with any of the arguments he now puts forward for reflation."

He said that on trade union reform as members of the Labour government, the SDP MPs had supported the "outrageous" extension of trade union power.

"We will be attacking their credibility as politicians and attacking what I now call their magic circle economics."

On whether the Tories could win the next election, Mr Parkinson said the party's task was to destroy myths that it was a party which did not care about people.

He cited the Government's record on pensions, on education—where there were now the best pupil-teacher ratios in the history of state schooling—and on the health service, which had 20,000 more professional staff and shorter waiting lists than when the Government came to power.

He produced a predictable answer when he posed the question of whether the Conservative Party could win the next general election.

He declared: "It is a resounding, and I believe an informed, 'Yes.'"

Spirit of democracy put to the test at SDP gathering

PETER RIDDELL, POLITICAL EDITOR, explains why the Social Democrats will be anxious to avoid hitting the headlines at their Kensington convention next month.

THE AMERICAN Founding Fathers spent several months in Philadelphia writing their Constitution. The Social Democratic Party is more ambitious. It is proposing to consider its draft constitution at a two-day convention in Kensington in the middle of February.

The discussions are likely to highlight the tensions between centralism and democracy which have emerged in the party since its formation last March.

Ironically, some of the issues raised—covering the election of the leader, the selection of parliamentary candidates and the writing of the party's manifesto—are just the points which led to the departure from the Labour Party of several of the SDP's leaders. The debate so far has been less acrimonious than Labour's, however.

A draft constitution, written principally by Mr Bob MacLennan, MP for Caithness and Sutherland, was published in September. The draft was considered at each of the sessions of the SDP's rolling conferences last October. Since then, local parties have been putting forward amendments which will be considered by the convention. The national steering committee also will put forward some amendments.

The role of the 350 representatives at the convention essentially is to narrow down the range of disagreement to a few major issues. It will consider and vote on the constitution in detail and any changes will be considered by the National Committee.

The most contentious issues, together with the constitution as a whole, will be put to a postal ballot of all 70,000 members, probably in March.

The first main point at issue is the leadership, although the heat appears to have gone out of it the question of how to elect the leader in Parliament.

This is partly because the issue will be decided by the membership as a whole in a ballot but principally because it has become increasingly apparent that provided Mr Roy Jenkins is shortly elected to Parliament, he will win under any electoral system.

The original proposal—for an election by MPs with endorsement or rejection by the Council for Social Democracy, the 400-strong parliament of the party—has been opposed by some MPs. A number of rank and file members also feel the party should involve wider democracy.

The second question for the convention is the local structure. Many rank-and-file members, particularly in rural areas, feel that the proposed area structure, covering several constituencies as the basic unit, is too large.

They want a greater say for local groups and this has been conceded by the national steering committee, which has suggested that such smaller groups should be allowed to select candidates for local elections. There remains some disagreement about the role of regional organisation.

Thirdly, is positive discrimination. There has been considerable argument about the proposals to ensure equality between the sexes, with both men and women having not less than one third of the seats in the Council for Social Democracy.

Fourth, policy-making. Some rank-and-file members have been concerned that the Constitution involves a structure too centralised for the initiation of policy proposals. Amendments suggest that the membership as a whole, rather than the national Policy Committee and MPs, should have a greater say in putting forward ideas and shaping the party's election manifesto. At present the membership as a whole has, in effect, a more passive role.

Fifth, selection of candidates. There is some concern that, given the division of seats between the SDP and the Liberal Party, some members in an area may not have a say in the selection of an SDP candidate. Consequently, it has been proposed that parliamentary candidates should be selected by a ballot of all members in an area, not just in the relevant constituency.

These issues in general highlight the desire of many of the party's rank and file, notably the new entrants without any previous political experience, to become directly involved in the running of the party. How far this desire can be reconciled with a Parliamentary system and with the Centralist tendencies of the SDP leaders has yet to be resilved.

The SDP leadership is naturally keen to play down the significance of any disputes over the constitution. It will be relieved if it ends its Kensington weekend without any headlines about splits in the party.

Conservatives clash over electoral reform

BY PETER RIDDELL, POLITICAL EDITOR

THE DISAGREEMENTS within the Conservative Party about electoral reform surfaced this morning in a sharply worded exchange over proportional representation.

A Conservative Political Centre pamphlet by Sir Angus Maude, the former Cabinet Minister, and Mr John Szemerey, attacks proposals for PR and defends the first-past-the-post system.

The pamphlet has been attacked by Conservative Action for Electoral Reform, a pro-PR group, as being "unimaginative" and dredging up "a rag bag of cliches, which contribute nothing to the needs of the party at this important time."

The argument turns both on the desirability of electoral reform and on its impact on the future of the Conservative Party. It occurs at a time when the all-party Campaign for Electoral Reform is trying to step up its activities.

The issue has been given greater momentum by the formation of the Social Democratic-Liberal alliance, which is committed to introducing PR after the next election.

The Action group claims the public support of 40 MPs and the private support of many others, including ministers. It maintains that the party would thrive if PR was introduced, because "we are the most loyal party with the largest traditional following, the best-organised, and probably the best financed.

Detailed proposals

"Given PR, we could confidently expect to dominate a right-of-centre coalition for many years."

The group has a sub-committee working out detailed proposals, which, it is hoped to publish at the beginning of April. Tory MPs, according to the group, generally favour the retention of a constituency relationship, probably via the additional member system, or less likely, the single transferable vote system.

The Tory electoral reformers, like others in the PR campaign, highlight the possibility that there will be no overall majority in the next parliament.

They claim that this makes the PR issue more significant, and they point out that "Mr Denis Healey and Mr James Callaghan have already indicated that in certain circumstances they would not rule out acceptance of electoral reform by the Labour Party.

"If the Conservative Party refuses to contribute to the moulding of new constitutional arrangements to ensure a satisfactory method of elections, then we could find ourselves saddled with an electoral system which could destroy the party organisation in the country."

The snag for the Tory electoral reformers is that Mrs Thatcher is strongly opposed to PR.

Her views are reflected in the pamphlet by Sir Angus. The anti-PR group argues on the basis of the record of other countries and concludes that "although these electoral systems have some good points, on balance they are no better than direct representation and most are considerably worse."

"It is necessary," the authors argue, "before the need for change is accepted, that the reformers should produce a precisely detailed system designed not only to provide for the UK's special regional and other problems, but to eliminate all risk of the corruption, gerrymandering, and political instability, which other systems have been seen to generate.

"We do not for a moment believe they can do it."

Why Electoral Change? The Case for PR Examined; £2, from Conservative Political Centre, 32 Smith Square, London SW1.

Call for liaison to create better defence industry

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MUCH GREATER co-operation between the Defence Ministry and the Industry Department would lead to a healthier, more efficient defence industry, the Commons Select Committee on Defence was told yesterday.

The committee, holding its fifth session on procurement of defence equipment, currently worth about £6bn a year, was also told major British defence companies believed they would perform better and fulfill Government defence requirements more efficiently if they were involved in the defence procurement process at a much earlier stage, preferably before the Services decided what equipment they needed.

Representatives of the Society of British Aerospace Companies (SBAC), including its president, Mr A. H. Pope, and the chairman of British Aerospace, Sir Austin Pearce, also criticised the Defence Ministry Procurement Executive for its labyrinth of committees whose members were meant to monitor defence projects but who were often not expert enough to perform properly.

The SBAC said that in some respects, particularly at higher levels, relations between industry and the MoD were improving, perhaps, as its President had suggested, because of publicity given to complaints by the Defence Committee itself.

For example, an attempt was starting to be made to involve companies in early planning stages for defence equipment, although industry was itself sometimes taking the initiative.

That had been the case with a design for a new fighter aircraft named the P110, on which British Aerospace was working both as a replacement for the multi-role Tornado in Britain and for its export potential.

Sir Austin, however, noted that such aircraft could not be produced for the UK market alone. To make it viable two-thirds would have to be exported. Similar factors applied to the corporation's civilian aircraft.

British Shipbuilders plans Japanese subsidies protest

BY ANDREW FISHER, SHIPPING CORRESPONDENT

MR ROBERT ATKINSON, chairman of British Shipbuilders, is to urge the Government to protest against increased Japanese aid this year for shipowners ordering new vessels.

He said last night he would write to Mr Patrick Jenkin, Industry Secretary, asking him to take up the matter with the European Economic Community and the Organisation for Economic Co-operation and Development.

The Japanese Government recently decided to extend its annual interest-rate subsidies to owners through the Japan Development Bank. This increases the 1981-82 tonnage covered by the programme to 1.84m gross tons from 1.24m gross tons.

Speaking earlier in the day to the Commons Industry and Trade Committee, Mr Atkinson accused Japan of encouraging a wanton increase in shipbuilding tonnage.

The subsidies, which will now cost more than the Y117bn (£275m) originally budgeted for fiscal 1981, cover orders in both Japanese and foreign yards.

Japanese yards, however, are expected to receive much the largest slice of any orders. "We won't be invited to tender for any one of those ships," Mr Atkinson said."

His remarks come as the world shipbuilding industry is recovering slowly from a lengthy recession.

Merton MP prepares for by-election

By Elinor Goodman, Political Correspondent

MR BRUCE Douglas-Mann, MP for Merton Mitcham and Morden, yesterday began to raise the £5,000 he will need to fight a by-election. He will be the first SDP recruit from Labour to fight and he does not expect any financial help from the party even if, as he hopes, he gets the backing of the party's steering committee to fight as the official SDP candidate.

Mr Douglas-Mann saw SDP leader Dr David Owen at Westminster yesterday to discuss his application for the SDP whip, following his selection by local Social Democrats in Merton on Tuesday night as their parliamentary candidate.

His selection will go before the SDP steering committee when it meets early next month.

Most SDP MPs are thoroughly irritated by Mr Douglas-Mann's insistence on fighting a by-election, and so putting the rest of the parliamentary party in an extremely embarrassing position.

But the odds are that the steering committee will give Mr Douglas-Mann its official backing—albeit without any great enthusiasm. He will then try to get an assurance from the Labour whips, who convention dictates have the right to set the date of the by-election, that they will move the writ as soon as he resigns.

Though he Labour Party has taunted the other 25 Labour defectors to the SDP for not fighting by-elections, there is no inclination on the Labour benches to make life easy for Mr Douglas-Mann. Labour MPs may therefore try to delay the by-election

Whitelaw talks on police chief

MR. WILLIAM WHITLAW, the Home Secretary, will consult the Association of Chief Police Officers about Mr Peter Nivens, a former deputy assistant commissioner of the Metropolitan Police, who recently accepted an executive post with the gaming interests of Trident TV.

Trident took over the three London casinos, 80 betting shops and other casino interests of the Playboy Club on Sunday. The appointment has caused concern at Westminster.

Mr Whitelaw, replying to a letter from Mr Tom McNally (SDP Stockport South) conceded yesterday that the appointment was "in a different category from those normally taken by police officers on leaving the service."

Cabinet to discuss Budget strategy

THE CABINET will discuss the forthcoming Budget at its meeting next Thursday, it was learned yesterday. Mr Francis Pym, Leader of the House, is expected to confirm today that Budget day will be March 9.

At te time of the Budget last year there were threats of rebellion when several Cabinet ministers complained they had not been consulted adequately in the formulation of Budget strategy.

Data protection Bill to be introduced

BY IVOR OWEN

GREATER PROTECTION for the individual citizen against the misuse of personal records stored in data-banks was urged by Mr Michael Meacher (Lab Oldham West) in the Commons yesterday. He was given leave to introduce a Private Member's Bill to establish an independent data protection authority.

The Bill has all-party support—its sponsors include Mr Tony Benn, a Tory backbencher and a Liberal MP. It is due to come before the House for a Second Reading on January 29.

Mr Meacher said the need for controls over collection and use of personal information had grown enormously over the past decade.

There were 220 different functions carried out by central government involving computerised personal information about identifiable individuals. Most government computerised data-banks contained between 10,000 and 1m names.

Processes had been introduced, which gave instant access to information covering an individual's family relationships, previous and present addresses, criminal records, income tax and VAT returns, medical treatment including any history of mental ill-health, credit-rating and political and trade union activities.

Legislative controls were needed to ensure that no government, present or future, could abuse the new technology in the name of efficiency or security.

There were also dangers for the corporate sector. A commercial director of a leading company had recently said that without adequate safeguards British industry would be unable to move computer data freely between Britain and abroad.

Commons Sketch

Macfarlane gives Spain a sporting chance

THE MASSIVE onslaught which the rejuvenated Labour Party promised to unleash on the Government following the Bishop's Stortford conference has still to materialise in the Commons.

Yesterday, MPs whittered away their time on more parochial matters. Mr Dennis Canavan (Lab., Stirlingshire West) a disgustingly healthy fellow whose recreations include jogging, swimming, and soccer, was more concerned about the onslaught which English and Scottish football fans will make on Spain during the World Cup.

For some curious reason Mr Canavan held the notion that the hooliganism was likely to come from the English, particularly if the Scots win the Cup.

But Mr Neil Macfarlane, Minister for Sport, was clearly apprehensive about the whole affair and was taking no chances. His officials are already in Spain discussing arrangements and he will be going to Madrid for talks next month.

This earnest attempt to stop the Brits beating up the luckless Spaniards did not impress the Opposition. "Tickets for the boy!" shouted some Labour sceptics.

Things took on a weightier tone when Mr Nigel Lawson, Energy Secretary, announced the public inquiry into the CEGB proposal to build a nuclear pressurised water reactor at Sizewell in Suffolk.

Unfortunately this is a similar type to the one which ran into trouble on Three Mile Island in the United States.

There was a distinct impression in the House that even if Sizewell never heats our homes, it will at least provide fuel for dozens of controversial TV programmes.

There was a buzz of interest when Mr Tony Benn rose to make his first intervention since Bishop's Stortford.

As a former Energy Secretary he was worried about doubts over the safety of the PWR system, and suggested the money would be better spent on insulating homes and thus creating jobs.

Insulation seems to be the latest trendy solution to all our economic ills.

Oddly enough, Mr Benn shares this obsession with Mrs Shirley Williams, darling of the Social Democrats, who dwelt on it at great length in he first Commons speech after the Crosby by-election.

The main business of the day was the Criminal Justice Bill, which aims to reduce pressure on the overcrowded prisons by allowing the early release of offenders and reducing the number of young people given custodial sentences.

According to Mr William Whitelaw, Home Secretary, this reflects the strategy with which the Government entered office and which it has pursued steadfastly.

But hold on a minute, how do the new measures square with the last general election campaign, which the Tories fought on a tough law-and-order policy with the promise of "short sharp shock" treatment for young offenders?

It seems the image of "Whiplash Willy" has been buried for good.

John Hunt

Requests to buy council houses reach 488,000

NEARLY 500,000 council tenants had applied to buy their own homes by the end of last September, Mr Michael Heseltine, Environment Secretary, told the Commons yesterday.

By that date 48,000 sales had been completed, and councils and new towns had received 440,000 applications.

Mr Robin Squire (Con., Hornchurch) urged the Government at Question Time to impose a timetable on all stages of the sale process, including the completion.

Mr Squire said thousands of tenants in a number of areas, some of the Tory-controlled, had been waiting for more than a year to complete purchases.

Mr Heseltine said he hoped that as councils became more familiar with the process it would speed up and make it unnecessary to introduce a timetable on all stages.

Mr Frank Dobson (Lab, Holborn and St. Pancras South) said 12 council houses had to be sold to finance the building of each new one.

Mr Heseltine said that was a "totally meaningless statement."

Marshall made Labour whip

DR. EDMUND MARSHALL, Labour MP for Goole, has been appointed an Opposition whip. He replaces Mr Frank White, MP for Bury and Radcliffe, who resigned after what was described as an internal disagreement.

TELEVISION

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 King Rollo. 1.50 Stop-Go. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.15 Holiday with Cliff Michelmore. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Huckleberry Finn and His Friends. 5.05 John Craven's Newsround. 5.10 Blue Peter with Simon Groom, Sarah Greene, Peter Duncan.

5.40 News.

6.00 Nationwide (London and South East only).

6.25 Nationwide.

7.00 Tomorrow's World.

7.25 Top of the Pops with Mike Read.

8.05 Wildlife On One: "The Gentle Giants" (A look at the grey whale).

8.30 Seconds Out starring Robert Lindsay, Lee Montague and Ken Jones.

9.00 News.

9.25 Shoestring starring Trevor Eve.

10.15 Question Time with Robin Day.

11.15 Top Sailing.

11.45-11.50 News Headlines.

Chris Dunkley: Tonight's Choice

Since The Winter's Tale isn't one of Shakespeare's best plays, ending with one of the most unlikely scenes anywhere in his work, it seems almost profligate for Radio 3 to be offering a new production less than a year after the BBC's last one, though that was on television. Still, *tonight's cast is so enticing that* one can hardly complain: Ronald Pickup as Leontes and Hannah Gordon as his wife, Barbara Jefford as Paulina; Gary Bond as Polixines, Michael Gough as Antigonus, Cyril Luckham as the Old Shepherd, and, almost incidentally, John Gielgud as Time.

On BBC-2, one "committed" film-maker, Philip Donnellan, gives us a programme, Too Much Reality, about another much-older "committed" film-maker, Joris Ivens, a unique figure whose life at 83 spans the history of documentary film. Born in Holland he worked with Grierson and has made films for the Dutch, American and Canadian governments, yet also some of the most sympathetic films about revolutionary societies, notably in China. Some of his earliest work was about mining, and for tonight's programme he spent two weeks with the inhabitants of a Kent mining community.

BBC-1's Wildlife On One is about grey whales, including the mating techniques of the 30-ton monsters, BBC-2's Forty Minutes is about the veteran car-run to Brighton, and in the first of five programmes Top Sailing covers the Sardinia Cup.

BBC 2

11.00 am Play School.

12.00-1.05 pm Open University.

3.55 Robinson's Travels.

4.45 Muggeridge: Ancient and Modern.

5.40 All Creatures Great and Small.

6.35 Ennal's Point.

7.15 House of Tomorrow.

7.25 News Summary.

7.30 History on Your Doorstep.

7.55 Too Much Reality.

9.00 The Nolans.

9.30 Forty Minutes.

10.10 The Smallest Theatre...

10.45 Newsnight.

11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Get Up And Go. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take The High Road. 2.00 After Noon Plus with *Judith Chalmers and Trevor* Hyett. 2.45 Love Among The Artists. 3.45 Three Little Words. 4.15 Dangermouse. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.

6.00 Thames News with Andrew Gardner and Rita Carter.

6.30 Thames Sport:

7.00 Does the Team Think? Tim Brooke-Taylor is the chairman and the panel consists of Beryl Reid, Jimmy Edwards, Frankie *Howerd and William* Rushton.

7.30 "The Professionals," starring Burt Lancaster, Lee Marvin, Robert Ryan and Jack Palance.

9.30 TV Eye.

10.00 News.

10.30 Danger UXB.

11.30 WKRP in Cincinnati.

12.00 What the Papers Say.

12.15 am Close: "Sit Up And Listen," with Jack Jones.

†Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Not For Women Only. 4.20 Vicky the Viking. 4.45 The Further Adventures of Oliver Twist. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 10.30 Supersquash: Moben Kitchens International Championship. 11.00 The Medicine Man (Acupuncture). 11.30 Lou Grant. 12.30 am The Council in Question.

BORDER

1.20 pm Border News. 4.20 *Here's* Boomer. 4.45 Little House on the Prairie. 6.00 *Lookaround Thursday.* 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Golfing Greats (Gene Sarazen). 11.00 The Medicine Men. 11.30 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 4.20 Sport Billy. 4.45 Jason of Star Command. 5.15 Here's Boomer. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 10.30 Venture. 11.00 The Medicine Men (Acupuncture). 11.30 Central News. 11.35 Dear Detective.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 The Flying Kiwi. 4.45 Sport Billy. 6.00 North Tonight. 6.30 Police News. 6.35 Crossroads. 7.00 The Entertainers. 10.30 Bizarre. 11.00 The Medicine Men (Acupuncture). 11.30 Seachd Laithean—the week's news in Gaelic. 11.45 Living and Growing for Parents and Teachers. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 4.50 Little House on the Prairie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. *10.30 Barney Miller. 11.00 The Medicine* Men. 11.30 What the Papers Say. 11.50 Tenspeed and Brown Shoe.

HTV

1.20 pm HTV News. 4.20 Palmerstown U.S.A. 5.10 Jobline. 5.20 Crossroads. 6.00 HTV News. 6.30 Our Incredible World. 7.00 Emmerdale Farm. 10.28 HTV News. 10.30 Superstar Profile. 11.00 The Medicine Men. 11.30 Lou Grant.

HTV *Cymru/Wales*—As HTV West except: 11.22-11.37 am Am Gymru. 12.00 Pili A Pili. 12.05-12.10 pm Calimero. 4.15 Theatre Box. 4.45 Sêr. 5.10-5.20 The Undersea Adventures of Captain Nemo. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.30-11.30 All Kind of Everything.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 *Bygones.* 4.20 Palmerstown U.S.A. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Bodyline: 6.30 Now You See It. 7.00 Take The High Road. 10.30 Make Mine Music. 11.00 Seachd Laithean. 11.45 Late Call. 11.50 Barney Miller.

TSW

1.20 pm TSW News Headlines. 5.15 *Gus Honeybun's Magic Birthdays.* 5.20 Crossroads. 6.00 Today South West. 6.30 Tele Views. 6.40 Take Tuckerman. 7.00 Benson. 10.32 TSW Late News. 10.35 Controversy: "Tourists are the worst thing that ever happened to the South West." 11.05 The Medicine Men. 11.35 The Jazz Series with the George Coleman Quartet and Ronnie Scott and his quartet. 12.05 am Postcript. 12.10 South West Weather.

TVS

1.20 pm TVS *News.* 2.00 *Not For Women Only.* 5.15 Watch This Space . . . Good News of the Week. 5.30 Coast to Coast. 6.00 Coast to Coast (Cont). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Just Williams. 11.00 The Medicine Men. 11.30 The New Avengers.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Benson. 4.20 Fangface. 4.45 240 Robert. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Job Slot Extra. 10.35 Bizarre. 11.00 Check It Out. 11.30 The Medicine Men (Radionics). 12.00 Travelling.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.20 The Adventures of Black Beauty. 4.50 The Flying Kiwi. 5.15 Good News of the Week. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Bizarre. 11.00 *The Medicine Men* (Acupuncture). 11.30 Bedtime.

YORKSHIRE

1.20 pm Calendar News. 4.20 Sport Billy. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Country Calendar. 11.00 The Medicine Men (Acupuncture). 11.30 Ladies Man.

RADIO

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 The Record Producers (George Martin). 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with the Big Band Sound (S). 10.00 Rolf's Walkabout. 10.30 Star Sound Extra. 11.00 Brian Mathew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (Cont), 9.00 News. 9.05 This Week's Composer: *Haydn* (S). 10.00 Philip Jones Brass Ensemble (S). 10.55 Beethoven string quartet recital (S). 11.20 Ulster Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert (S). 2.00 "Numance," lyric tragedy by Henri Barraud, in one act (French Radio recording) (S). 3.10 Mozart, Brahms and Bartok Chamber music recital (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Mozart: Concerto *for* Flute, Harp and Orchestra (1947 recording conducted by Sir Thomas Beecham). 7.30 "The Winter's Tale" with Ronald Pickup as Leontes and Hannah Gordon as Hermione. 10.30 Words. 10.35 Mozart piano recital (S). 11.00 News. 11.05-11.15 Chamber Music by Berio (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Your Move or Mine. 10.30 Daily Service. 10.45 *Morning Story.* 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Never Too Late (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Report South West. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Any Answers. 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. *7.20 Time for Verse. 7.30 Medici String* Quartet recital, part 1: Haydn, Mozart (S). 8.20 Priestland's Cornish Legends (Talk by Gerald Priestland). 8.40 Recital, part 2: Dvorak (S). 9.10 The Gibsons of the Isles of Scilly. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BUSINESS LAW

Differing views of tax avoidance

BY A. H. HERMANN, Legal Correspondent

TODAY IS the big day in the tax avoidance game. The Law Lords will deliver their judgment in the dispute between the Inland Revenue and Pilkington and will decide whether Pilkington can keep "trading losses" of £13m which it bought from Manchester Liners for £5.9m, saving £6.76m (net £0.84m) on corporation tax. One would like to hope that in deciding this issue their Lordships will also make it clear whether the Chancery Division judges, who recently approved tax avoidance schemes, are or are not in line with the new, realistic approach to tax law adopted by the Lords last year when they said that courts need not wear blinkers and should take artificial transactions for what they really are.

As tax cases go, that of Pilkington is a simple one.. Manchester Liners were about to buy a new ship. The whole of the purchase price of a new ship may be written off in the year the ship is bought or later, but the entire Furness Withy Group, of which Manchester Liners are a part, did not have sufficient taxable income from which to write off the first year's capital allowance. They made a deal with Pilkington, which had plenty of such taxable income. It was agreed that the capital allowance would be passed on to Pilkington, and Manchester Liners would receive in return 87.5 per cent of the corporation tax saved by Pilkington.

★

In the refined sphere of taxation, things cannot, of course, be done as crudely as that. The Finance Act of 1973 allows the utilisation of tax allowances only within a group, and the ship was therefore bought by Golden Cross, a wholly-owned subsidiary of Manchester Liners, and this company was taken over by Pilkington. It was agreed that Pilkington would prepare an informal letter covering the unscrambling of this takeover, and this letter may well prove fatal to the scheme because Section 29 of the 1973 Act provides that the group relief is ruled out if one of the companies can leave the group and become related to another company.

The English courts have been a safe place for a properly advised tax avoider ever since the House of Lords decision in *Duke of Westminster*† in the mid-1930s. In that judgment, Lord Tomlin said that everybody is entitled to arrange his affairs so as to reduce the amount of tax which he would otherwise have to pay.

This decision provided the cornerstone for a flourishing tax avoidance industry, which became so large and efficient that it had to be cut down. In the Ramsay case* last year, the Lords outlawed circular tax avoidance schemes and later on in the Burmah decision‡ Lord Diplock gave a warning that the *Duke of Westminster* ruling tells little or nothing as to what methods of ordering one's affairs will be recognised by the courts. In short, the Lords moved away from "loopholes" created by a grammatical interpretation of the Finance Act, and started to distinguish between "straightforward" transactions and transactions which had no other purpose than tax avoidance.

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The Chancery judges did not take, it seems, to this new purposive method of interpretation. Shortly before Christmas, Mr Justice Nourse was presented with yet another example§ of a fairly popular tax avoidance scheme nicknamed "Newspaper-Franco." It relied on paragraph *6(7)* of Schedule 5 to the Finance Act 1975 which was later repealed. This provision exempted from Capital Transfer Tax certain beneficiaries who, on surviving another person for a specified period, became entitled to the benefit as from that person's death. Although this could hardly have been the intention of the legislator, the wording was such that on a purely grammatical interpretation it was enough to make it a condition that the benficiary would survive any person who was on the point of death. General Franco, the Spanish dictator, was a favourite for a time and disappointed many people by living too long. The case before Mr Justice Nourse was, therefore, a test case for an improved scheme which, unlike the simple General Franco scheme, had not yet been recognised by the Inland Revenue.

In this case certain irrevocable dispositions had been made on condition that the beneficiaries would survive "the person whose death shall occur on Saturday, November 29 1975 and who shall be the first (in alphabetical order) of the persons dying on that date to be named in the deaths column on the back page of the earliest edition of the newspaper called The Times published in London on Monday, December 1 1975. . . ."

One would say that nothing could be further from Parliament's intention than such a farcical provision. However, the judge was not concerned with the intention of Parliament. His main interest focused on the question whether the condition was an uncertain one, as only then would the tax exemption operate. He concluded that, as subsequent experience demonstrated, it was by no means certain that The Times would be published on December 1 1975. One can add that it was not even certain that they would continue to publish death announcements on the back page. Satisfied that the condition was such that it might or might not materialise, the judge held that the tax exemption applied and dismissed the appeal of the Inland Revenue.

The judgment of Mr Justice Nourse was closely followed by another success¶ of the tax avoiders before Mr Justice Vinelott. This concerned the sale of two small family companies by Mr George Dawson and his two sons to Wood Bastow Holdings. To defer liability to Capital Gains Tax the Dawson family formed a company called *Greenjacket on the* Isle of Man, exchanged their two little companies for shares in Greenjacket, which then sold these companies to Wood Bastow for £155,000. They claimed that under paragraph 6 of schedule 7 to the Finance Act 1965 no liability to tax would arise before they disposed of their shares in the Manx company.

The learned judge acknowledged that the recent judgments of the House of Lords *implied* a radical change in the approach to artificial schemes, but noted that the House had not gone so far as to overrule its decision in the *Duke of Westminster*. The facts in the present case, thought the judge, differed from those to which Lord Wilberforce and Lord Fraser referred in *Ramsay*. He was, therefore, not bound to conclude that the Dawsons realised a gain by the indirect disposal of shares to Wood Bastow. Moreover, Green-jacket obtained control *of the operating* companies, and the exchange itself could not be treated as a disposal. The tax inspector lost, for the time being, at least

† *Inland Revenue Commissioners v Duke of Westminster (1936, AC 1, 19).*

* *W. T. Ramsay Limited v Inland Revenue Commissioners (1981, 2 WLR 449).*

‡ *Inland Revenue Commissioners v Burmah Oil Company FT Commercial Law Reports, 8.12.81.*

§ *Inland Revenue Commissioners v The Trustees of Sir John Aird's settlement, TLR December 21, 1981.*

¶ *Furniss (Inspector of Taxes) v Dawson, TLR, December 24 1981.*

RACING

BY DOMINIC WIGAN

IRRESPECTIVE of whether today's meetings at Lingfield (7.30 am inspection) and Newton Abbot (7 am inspection) get the go-ahead, followers of National Hunt Racing have plenty to look forward to.

The weekend promises fiercely competitive racing at Haydock and Kempton, as top-class Cheltenham candidates brought together through the abandonment set out to stake their Festival claims.

On the premier Lancashire course, the Champion Hurdle Trial will see a field almost as strong as that which can be expected for the Crown itself. Celtic Ryde, Ekbalco, Gaye Chance, Broadsword, and Starfen are all intended runners.

The 10 steeplechasers remaining in the Peter Marsh Chase (a limited handicap) include Night Nurse, Captain John and Sunset Cristo.

Fred Winter, who has trained more winners than Michael Dickinson and Arthur Stephenson already this season, seems sure to knotch his 30th success of the campaign today, provided overnight rain doesn't upset Lingfield and Newton Abbot.

Venture To Cognac's handler has Gerby and Shuilaris on the Surrey course and Colonial Lad and Little Canford to represent him at the Devon fixture.

The Duke of Albuquerque's Colonial Lad, ridden by the owner's son, the Marquis de Cuellar, revels in the mud and looks a worthwhile bet in the hands of his under-rated rider.

LINGFIELD

1.30—Right Regent
2.30—Gerby
3.00—Omnipotent**
3.30—Mr Darkie

NEWTON ABBOT

1.15—Gilded Gold
2.15—Colonial Lad***
3.15—Little Canford*

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Guinness: a brewer at the cross-roads

Guinness's sacking of its advertising agency has thrown a spotlight on its strategy

NEVER CAN A BIRD have looked as baffled or bedraggled as did the Guinness toucan this week. *Its wings clipped, its* feet tied, this hapless creature —mascot of one of British advertising's most famous campaigns—was bundled out of one advertising agency and into another, shrieking and complaining through its tied-up beak.

For the losing agency, J. Walter Thompson, the decision by Arthur Guinness to switch the account came as a very sharp shock, for its pay-off, after almost 13 years, was a four-line dismissal.

For the winning agency, Allen Brady & Marsh, the gain marked yet another triumph in a ten-year run that has cut a swathe through UK advertising.

For Guinness, the move at once raised questions of timing and tactics, as well as strategy. It knows it is at a watershed. But the way it switched agencies seemed unaccountably sudden.

Ernest Saunders disagrees. Mr Saunders is the marketing high-flier brought in last October as Guinness's new managing director.

It was he who sacked Thompson's, for whom he used to work. In the years since then, he has established an impressive reputation at Beecham and GUS and latterly Nestlé in Geneva.

Last year, Guinness made a record trading profit on its main business, beer, but the total was reduced by losses elsewhere (the table summarises principal activities of Guinness's holding and subsidiary companies for the *year to September 26,* 1981).

Last week, Lord Iveagh, its chairman, told shareholders that 1981 had been a watershed. Brewing profits were ahead of expectation, underlining the return Guinness now enjoyed from "years of investment in our world-wide trade-names, particularly Guinness Stout."

But its diversifications had proved costly, which was why Guinness is retrenching. Its exotic foray into films has ended, following painful losses. It is selling Callard and Bowser, and closing one of its plastic moulding factories.

The need, Lord Iveagh told shareholders, was to re-formulate a coherent development plan. Alternative strategies were being considered, and it was to its strong new management team—including Tony Purssell and Simon Lennox-Boyd as deputy chairmen—that Guinness was turning to provide the "leadership and vision" so important to a group with such diverse geographic and product interests.

It is in this context that Mr Saunders sets the sacking of J. Walter Thompson.

"My brief is to undertake a thorough but rapid review of the business in all its aspects," he said this week. "To examine how we can do better what it is we do, and be more profitable.

"It is in the context of overall analysis that you come to advertising. (Guinness's UK *billing in 1981 was roughly* £7m). Although it is seen to be an entity, advertising is part of total commercial strategy.

"When I arrived, I set in motion a review of our total communications programme. After all, the billing is substantial. I took the view that whereas the Guinness brand in Britain was holding up well, it could do better.

"In the circumstances, it was unlikely that I could get a totally new look by asking the existing agency to do something different."

Thus it was, he says, that he discovered ABM. He says he was impressed with ABM's "professionalism and enthusiasm," and with its track record on Harp, a consortium lager brand that is part Guinness-owned.

ABM was appointed on Monday, and by Tuesday says it had a strong agency team working on the brand.

Was the move not brutal and abrupt? "You don't need nine months to reach a decision," says Mr Saunders.

But why no agency review? "This was a business decision. I'm not here to create advertising circuses for the benefit of the media."

Meantime, to say that JWT was stunned is to experiment with obliqueness, for at the end of the day its pay-off from Guinness was a 34-word paragraph terminating its contract. —it was sacked by the group, Arthur Guinness Son and Co., not by its client, Arthur Guinness Son and Co. (Park Royal).

The agency was given no indication that Guinness was contemplating change; nor any explanation save that contained in a Press release issued on Monday.

"*The loss is a savage one*— and, in our view, wholly undeserved," Jeremy Bullmore, the agency's chairman, told staff this week.

"We've nothing to reproach ourselves for and a very great deal to be proud of.

"If there was anything more to tell you, we would.

"There are other good brewers."

But JWT is not about to lose itself down memory lane, for in a further staff memo, that goes out today. Mr Bullmore says that since 1969, "as we've improved the reputation of Guinness, so we've improved our own."

He says that Guinness was the first major brewer to recognise the commercial value of advertising, its campaigns proving not only effective, but setting new standards of style, wit, reward and persuasion that created respect and affection for the *beer and the company:* "Auditors call it 'goodwill.' Its value is priceless."

JWT was appointed in 1969. "From the very beginning," says Mr Bullmore, "we were left in no doubt that the Guinness company took the value *of advertising and the quality* of its agency very seriously indeed."

Competition in the beer market was fierce. Later, with lager, it got fiercer still. Today, he says, a third of the UK beer market is held by relatively new brands, while many once-famous brands no longer exist. Yet Guinness is still market leader.

"The credit for all this must be shared by hundreds: by our clients, whose faith in their remarkable brand, faith in advertising, faith in us, and *relentless pursuit of the best* made the best achievable; and by the countless people in this agency, who managed, year after year, to achieve it."

There is no question of lay-offs at JWT. Its London agency billed £96.1m last year, ranking it second only to the main Saatchi shop, and it in any case added on £10m worth of new business.

The Guinness sacking rankles, yet Mr Bullmore, who is also chairman of the UK Advertising Association, dismisses the suggestion that the firing is typical of life in the Glitter Palace.

"It is often said that agencies despise clients and clients envy agencies. That is not so. It is certainly true that any senior executive brought in by a client is going to review every single aspect of that company's structure, which means there will always be some incidence of change of agency, as with other suppliers of services.

"In a competitive market you'll gain as much as you lose in any reassessment. Whether it is just or unjust is irrelevant."

What was unusual, this time around, says Mr Bullmore, was *that the incumbent* was fired without a moment's warning, for he maintains there is an investment in such relationships that is of value to the client.

As for ABM, its lust for growth is undiminished, for it has made a speciality of blue-chip gains.

As recently as 1977, ABM's billing was £10.5m. But the ability of its chairman, Peter Marsh, to corral big-spending clients—Midland Bank, British Rail, the Electricity Council, the Milk Marketing Board, Weetabix and Guinness—and to give them what they want, has driven the agency's billing to more than £70m, which ranks it in the top five (ABM is British-owned, privately-controlled, and run with greatest zeal)

Mr Marsh arouses envy. But his critics confuse the message with the man. They talk of his suiting and his jewellery, his monocle and bombast—and make the vital commercial error of not listening to what *he* says.

In July 1979, when ABM won Midland Bank, Mr Marsh said it was ABM's aim to become "the best-run, best-managed, British-owned agency." In August last year, when he won Milk, he claimed to "out-resource" his biggest rivals, to offer management continuity and flexibility, and said that what he believed in were rather basic things, like "total single-mindedness and utter dedication."

The toucan is temporarily silenced; not so Mr Marsh.

Toucan plus two-some: Ernest Saunders, Guinness's new managing director, and Peter Marsh, chairman of the new Guinness agency, Allen Brady & Marsh.

Arthur Guinness Son and Co.

	Turnover 1981 (£m)	Turnover 1980 (£m)	Trading profit 1981 (£m)	Trading profit 1980 (£m)
Brewing	619.8	498.9	48.0	44.1
General Trading	187.8	184.4*	2.7	2.9*
Plastics and Materials Handling	62.9	69.6	1.2	3.1
Leisure	7.4	7.2*	−1.6	0.1*
Confectionery	19.5	17.1	−1.3	−0.3
Film Financing and Distribution	8.2	6.4	−3.9	−0.4
			45.1	49.5
Central Managements costs			3.1	2.5
	905.6	783.6	42.0	47.0

*Figures re-stated for the purpose of comparison

Why UK tobacco giants decided to answer back

BY DAVID CHURCHILL

THE UK TOBACCO industry has been a soft touch for years. But like the proverbial worm that turned, the tobacco giants have decided to fight back.

This week through its trade body, the Tobacco Advisory Council, the industry started a £625,000 advertising campaign in the Press aimed at bringing home to smokers the fact that three-quarters of the price of a packet of cigarettes—which sell at about 95p at present—goes in taxation.

In total, this represents around £4bn a year in revenue to the Government, or £11m a day.

At the same time, the trade associations representing Britain's 40,000 or so small tobacconists have launched a nationwide petition in retail outlets to campaign against any further duty increases on tobacco.

In terms of some of the better lobbying campaigns of recent years, the tobacco *industry's* attempt at self-justification is relatively small beer.

But even to get the tobacco companies to agree to such a low-level campaign has been a major achievement for those within the tobacco world who feel that attacks on the industry should be answered back.

Those who want the industry to fight back believe that the mood of the public, and the Government, is beginning to change.

The 15 per cent slump in cigarette sales over the past year—a direct result of extra duty imposed by the Government—has led to all the major tobacco companies being forced to run down their manpower, either through natural wastage or forced redundancies.

This correlation between tax increases and job losses is beginning to have some impact on public opinion, or so it is argued, at a time when 3m are unemployed.

Moreover, *it is also* felt that the present Government has also drawn back from taking a tough line on cigarette advertising and sponsorship because of the impact on employment.

Not everyone in the tobacco industry feels that resistance should be made so publicly. Advertisements pointing out the high level of taxation also reinforce in the smokers' mind, it is suggested, the fact that cigarettes are now much more expensive.

However, the sales slump over the past year, and the continued anti-smoking campaigns, have persuaded even the most reticent in the industry that the tobacco companies must make their collective voice heard.

On the other hand, there can be little doubt that the anti-smoking lobby has more heart for its job.

The Health Education Council, for example, is currently spending some £300,000 on a television campaign featuring Esther Rantzen and footballer *John Hollins* describing the perils of smoking.

The current campaign, which will run until the end of March, is part of the Council's £1m annual budget devoted to stopping people smoking. (Last year the cartoon character Superman was used effectively to help stop children smoking.)

However, the Action on Smoking and *Health* group has *taken a much more low-key* approach in comparison with current rival campaigns.

Scorning television and display advertising (because it cannot afford it) ASH is running a series of very small classified advertisements in national newspapers appealing for funds with which to continue its anti-smoking crusade.

The cost of its advertising campaign is estimated at around *£2,000.*

● NET REVENUE of the ITV companies last month was £65.76m, against £49.37m in December 1980. ITV's net haul last year was £511m, 15 per cent up on the year before. Most forecasters are predicting further strong growth in the current year, for a net total in revenue of at least £700m. Even better prospects are forecast for 1983, given next November's launch of Channel Four.

● AVERAGE LISTENING hours on UK Indenendent Local Radio total 13.9 per week, according to the latest JICRAR research.

● GEERS GROSS has been appointed to handle URM (UK's) Grand Marnier and Lemon Hart Golden Rum, plus a new range of Spanish sparkling wines. Estimated billing this year totals £1m.

● BILLETT AND CO. has been appointed by TV-AM to work on business planning and help launch the station.

هكذا من الأصل

THE NEW FORD ENGINES.

Nobody in the truck business can ignore the threat of rising costs. And that is the very reason why the launch of the Ford Cargo earlier this year was so important for the industry.

The Cargo truck range addresses your single greatest problem: Rising Costs.

We've applied the same principle to a new range of engines; the new Ford 90-150 Series.

After our 15 years proven experience with the 'D' Series and nearly four years of exhaustive tests, we've learnt a great deal.

And while we've made many changes to the famous 'D' Series engines we've retained the basic concept that made them so successful.

The result is an even tougher range of engines that lasts longer and gives you better service in every way.

42% MORE RELIABILITY.

The new features you can see here are all designed to produce maximum lubrication and minimum wear.

On top of that we've used premium components throughout.

So you'll get a truck that works harder for longer and gives you exactly what you need.

Higher productivity.

10% MORE POWER.

The same principles have also led to an increase in power of up to 10%. Drivers will delight in the extra acceleration and as a result you're likely to benefit from faster journey times.

4% BETTER FUEL ECONOMY.

Our test results show that the improved breathing and combustion of the new engines, give fuel consumption savings of up to 4% over their already thrifty predecessors.

52% GREATER DURABILITY.

The new engines were exhaustively tested both on the test rig and on the road. We notched up over 100,000 hours of testing.

The massive increase in durability we recorded spells good news for any operator. It not only means that you'll get more out of a truck while it's yours but you'll also get more for it when the time comes to replace it.

24% LOWER COST OF OWNERSHIP.

The price you pay for a new truck is only a small fraction of what it costs to run during its life.

That's why the bottom line figure is so important.

Compared with the 'D' Series, the cost of running a 90-150 Series engine is 24% lower.

FORD GIVES YOU MORE.

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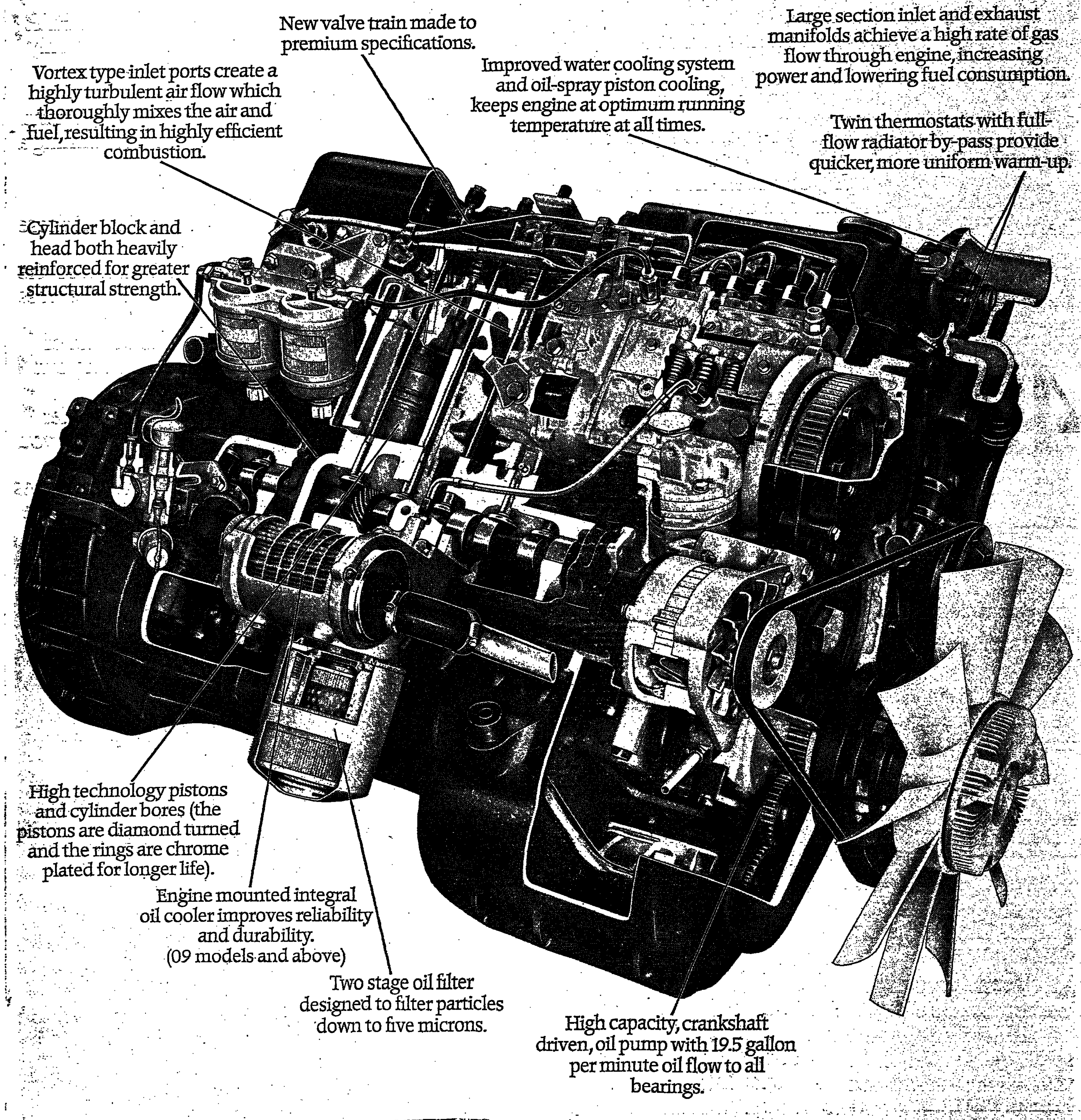

JOBS COLUMN

Need for inquiry

BY MICHAEL DIXON

THE TABLE alongside seems to be the only independent measure available of the human products of undergraduate courses at different United Kingdom universities. It shows the job-finding record of UK students who graduated at batchelor level in summer 1980.

But the University Grants Committee ignored this measure when considering how much to cut each institution's student numbers from 1979-80 to 1983-84.

The reasons are apparently twofold. One is that the graduate-employment figures refer to the end of the calendar year, six months after final examinations. This is too soon to judge, the UGC argues. Many graduates need longer to adapt to the jobs market.

That is true. Since 1980 the market has worsened so that 10,000 or more of last year's graduates are still seeking work, and it will be worse still this year.

But the point of the table is to show how graduates from different universities are valued by the employment market. And six months later is as good a date for that as any other.

The UGC also argues that *when a university's bachelor-level output is taken as a whole,* its employability will depend on how much is composed of arts graduates and how much of engineers, for instance. Since the composition varies with institution, each has a different "handicap."

That is also true. But a change in the graduate-employment data now allows me largely to compensate for variances in the mix of main subject groups. Before telling how, I'll deal with less tricky matters.

The table refers only to UK-*domiciled bachelor-level people.* Each university's output of these is in the column to the right of its name. Next comes the proportion of the output who were not traceable at December 31, 1980. It seems best to assume that what happened to them varied similarly with what happened to their counterparts from the same institution who were traced.

The next three columns refer to the graduates who were in at best short-term employment at *December 31. They were either* still seeking work, in a job they expected to last no more than three months, or not available for employment at least in the UK.

Of these three columns, the *first is a standard which largely* compensates for differences in the mix of the major subject groups. If one takes all arts graduates from all the universities, their overall "at best short-term" score in 1980 was 19.8 per cent. Corresponding overall averages for the other groups were social studies 16.9 per cent, sciences 14.2 per cent, applied sciences 9.9 per cent, and medicine, dentistry and veterinary science 0.62 per cent.

The standard column suggests what each institution's "at best short-term" score would have been if its graduates in each of the subject groups had conformed to the relevant overall average. This is compared in the next column with what actually transpired, and the following column shows the differences between the standard and the actual in percentage points.

This is then compared with the UGC's student cuts.

Chance would account for the variances in the middle of the table (say, those within 2 per cent of zero either way). *But it would seem that differ*ences in mix of main subject groups do not explain why, for one example, Exeter's graduates do so much better than those from York.

The UGC would surely do *better to investigate such vari*ances than just assume that they do not matter.

UNIVERSITIES IN THE EMPLOYMENT MARKET—1980

Ranking	University	Number of new UK graduates 1980	Whereabouts unknown at December 31 (%)	At best short-term job by December 31 "standard" (%)	At best short-term job by December 31 actual (%)	Better (+) or worse (−) than "standard" (% points)	UGC change in student numbers 1980-84 (%)
1	Cambridge	2,458	10.9	15.6	8.4	+ 7.2	− 2.0
2	Glasgow	1,924	2.7	13.9	8.1	+ 5.8	− 3.0
3	Birmingham	2,020	16.1	14.5	8.8	+ 5.7	+ 0.3
4	Bath	722	9.4	13.5	8.1	+ 5.4	+ 2.0
5	Oxford	2,597	7.1	16.5	11.8	+ 4.7	− 3.0
6	Dundee	493	8.3	11.9	7.5	+ 4.4	− 0.4
7	Exeter	1,167	10.7	17.0	12.9	+ 4.1	− 2.0
8	City	449	6.7	12.9	8.8	+ 4.1	− 5.0
9	Durham	1,197	1.7	16.9	13.1	+ 3.8	− 4.0
10	Aston	1,057	9.5	13.4	10.3	+ 3.1	−22.0
11	Essex	513	17.3	17.0	14.4	+ 2.6	− 4.0
12	Newcastle	1.597	15.4	13.0	10.8	+ 2.2	− 4.0
13	Brunel	409	5.6	13.0	10.9	+ 2.1	+ 0.4
14	Heriot Watt	526	1.9	13.4	11.4	+ 2.0	−13.0
15	Queen's Belfast	1,206	6.4	13.6	12.0	+ 1.6	N/A
16	Strathclyde	1,255	11.8	14.8	13.4	+ 1.4	− 4.0
17	Bristol	1,602	9.9	14.5	13.7	+ 0.8	− 4.0
18	Surrey	620	2.7	14.1	13.4	+ 0.7	−14.0
19	Loughborough	1,088	1.2	15.2	14.6	+ 0.6	− 3.0
20	Salford	948	10.3	13.5	13.1	+ 0.4	−30.0
21	Liverpool	1,622	9.4	13.3	12.9	+ 0.4	− 2.0
22	Nottingham	1,564	14.2	13.9	14.1	− 0.2	− 4.0
23	Manchester	2,976	2.2	14.0	14.5	− 0.5	+ 0.2
24	Stirling	530	8.9	17.4	18.0	− 0.6	−18.0
25	Bradford	951	8.2	14.7	15.3	− 0.6	−19.0
26	Southampton	1,420	11.8	14.4	15.3	− 0.9	− 0.5
27	Leicester	942	13.3	15.8	16.8	− 1.0	− 3.0
28	Wales	4,052	7.7	15.3	16.4	− 1.1	− 7.0
29	Aberdeen	1,013	10.1	14.6	15.8	− 1.2	− 4.0
30	Warwick	1,166	8.7	17.0	18.2	− 1.2	− 1.0
31	London	7,551	13.1	12.3	13.6	− 1.3	− 3.0
32	Leeds	2,128	7.3	14.0	15.5	− 1.5	− 2.0
33	East Anglia	975	17.9	16.9	19.0	− 2.1	− 3.0
34	Edinburgh	1,843	11.0	14.2	16.3	− 2.1	+ 0.1
35	Sheffield	1,590	7.9	14.4	17.1	− 2.7	same
36	St Andrews	567	7.6	17.2	20.0	− 2.8	− 7.0
37	Hull	1,321	3.2	17.4	21.0	− 3.6	−17.0
38	Kent	935	15.4	17.2	21.9	− 4.7	− 7.0
39	Reading	1,269	13.9	14.8	19.7	− 4.9	− 5.0
40	Lancaster	1,104	6.8	17.3	22.6	− 5.3	− 7.0
41	York	800	6.5	17.2	23.1	− 5.9	− 0.3
42	Keele	591	5.9	17.1	27.2	−10.1	−17.0
43	Sussex	867	9.9	16.8	29.8	−13.0	− 5.0
44	Ulster	323	13.3	18.2	38.2	−20.0	N/A

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Telephone: 01-248 7421 or 01-248 8876

Anderson, Squires
Bank Recruitment Specialists
Regina House, 1-5 Queen Street
London EC4N 1FP

Anderson, Squires

Export Finance-Confirming House

Our client, a member of one of the world's leading international banking groups, has a requirement at a senior level for an experienced executive to handle the increasing volume of business due to the expansion of their medium term Confirming House activities. The successful applicant, who will report directly to the Divisional Director, should have a thorough technical knowledge of this type of business and should be able to demonstrate considerable previous experience in this area.

The position is London based, but a certain amount of travel both in the UK and overseas will be required.

Remuneration will be highly competitive.

All enquiries will be accorded strictest confidence. Please write with full personal and career details quoting reference 1756 and listing separately those companies to whom you do not wish your details to be sent. Applications will be forwarded directly to our client.

Charles Barker
RECRUITMENT ADVERTISING SERVICES
30 Farringdon Street, London EC4A 4EA. 01-236 3011

FINANCIAL CONTROLLER

c.£14,000+car **N. Home Counties**

A small British public Company, now streamlined and profitable, is responding to vigorous and innovative top management.

To join this team and take a leading role in the Company's growth plans, a qualified Accountant in his/her thirties is now required. A background in manufacturing/engineering will provide the necessary experience to rationalise systems (including DP) and improve costing, while knowledge of acquisitions and company secretarial duties will be an added advantage.

The remuneration package includes generous assistance with relocation costs.

Applications in confidence to O.E.B. Hughes:

PETER NIGHTINGALE RECRUITMENT LTD.
Specialist Selection Consultants
16 Regency Street, London SW1P 4DD.
Tel: 01-821 6543 or 821 6229.

Executive Appointments

The specialist service for senior executives seeking new appointments. Our success-related fee structure is unique.
Contact us for a confidential meeting.

Connaught Executive Management Services Limited
73 Grosvenor Street, LONDON W1 – 01-493 8504

Young Executive Trainee

Merchant Bank **Leeds**

County Bank is one of the leading British merchant banks offering a vast range of corporate financial services. The Leeds office is primarily concerned with lending, equity investments and corporate advice.

We are now seeking to expand our existing team with the appointment of a trainee executive who is capable of assuming progressively greater responsibilities in all aspects of the Bank's operations.

The role initially will involve essential administrative support – including balance sheet analysis, loan documentation and interest renewals; together with providing assistance in monitoring the local loan and equity portfolio. In due course, the job specification will expand to accommodate a wider range of accountabilities.

We anticipate the successful applicant will have a banking background or be a qualified accountant. Good 'A' level passes, together with A.I.B. or A.C.A. qualification, are essential. Likely age range – *24* to 28.

The salary and benefit package are fully commensurate with the position, including 22 days holiday, non-contributory pension scheme and advantageous loan facilities where applicable.

Interviews will be held locally but, in the first instance, please write, enclosing full details of experience, qualifications and current salary to:–

Ian Carlton, Personnel Manager,
County Bank Limited, 11 Old Broad Street,
London EC2N 1BB.

National Westminster Bank Group **COUNTY BANK**

FINANCIAL CONTROLLER

Berkshire to £18,000

Our client is a major company specialising in the provision of services related to personal financial planning. Continuing growth has created the need for this new senior appointment.

The financial controller will report to the group financial director and be responsible for financial and management accounting both at head office and in the regions. In addition the controller will be involved in systems development and the investment of surplus funds. The appointment offers excellent prospects for career development.

Candidates must be chartered accountants preferably in the age range 30-35. At least 5 years experience in commerce, which should include the preparation and presentation of management information, is required. A period in life assurance or a related activity is highly desirable.

Applicants should send brief personal details and a career history quoting ref. FT/102/A in confidence to D W E Apps at:

Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY

هكذا من الأصل

Chief Executive FINANCIAL FUTURES

A leading international financial group which is a member of the London International Financial Futures Exchange wishes to attract a Chief Executive to take overall responsibility for this important new area of business.

Joining a well qualified team, the Chief Executive will be responsible for the development and implementation of a marketing strategy, concentrating initially on the already well established international and domestic client base.

Probably aged between 30 and 45, the ideal candidate should have extensive experience of marketing sophisticated financial services to the international financial community, gained either as a broker or dealer in financial futures or foreign exchange, gilts or bonds. Strong leadership qualities and marketing skills will play a key part in the development of the operation.

As our client seeks a candidate of high calibre and professional integrity, a substantial base salary is offered with profit related bonus and generous benefits.

Please reply in confidence with full details to:

Box A7728, c/o Financial Times,
10 Cannon Street, London EC4.

A.I.B's

An opportunity to develop your banking career into Internal Audit - internationally.

Kleinwort, Benson Limited is Britain's largest international Merchant Bank with offices in many parts of the world. The Bank's Internal Audit Department performs the vital function of examining, evaluating and reviewing its operational/administrative systems, procedures and transactions.

It is into this stimulating environment we now wish to recruit a banking professional (A.I.B., preferably with experience of foreign exchange operations) as an additional Audit Senior. Audit experience is not necessary as full support and training in the Bank's auditing techniques will be provided.

The successful candidate will be dealing with a range of people at varying levels and will, in due course, frequently visit the Bank's overseas offices. Therefore applicants should be confident, presentable and capable of clear expression both orally and in writing: an analytical mind coupled with a good education is essential.

An attractive salary is offered and benefits include subsidised mortgage, free pension/life assurance, restaurant, L.V.'s, BUPA and season ticket loan.

If you would like to develop and enhance your banking career in the growing area of bank auditing, please write with details of your experience to date to:-

Tony Hatton-Gore, Personnel Officer,
Kleinwort, Benson Limited, Merchant Bankers,
20, Fenchurch Street, London, EC3P 3DB
or telephone 01-623 8000 for an application form.

KLEINWORT BENSON
Merchant Bankers

HEAD OF BULLION TRADING

Prominent International Merchant Bank

Our Client is a distinguished International Bank with an acknowledged reputation for the professionalism and success of its trading activities.

The current requirement is to establish a new and effective bullion trading operation, with the intention of developing a notable and profitable presence in the international markets.

Candidates, probably in their late 20's, must possess several years' experience of the bullion markets in London or overseas which should combine proven trading expertise with a sound appreciation of systems.

This represents a significant opportunity to make a substantial contribution in an environment where the rewards will amply reflect the importance and commitment attached to the appointment.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812-3-4-5

MANAGER OF FINANCE AND ADMINISTRATION

Oxford c £16,000 + car

Our client is the UK marketing arm of a multi-national company in the health care industry.

Initially, the manager of finance and administration will be responsible to the managing director for all financial and accounting functions plus distribution, inventory control and computer facilities. Further responsibilities may be added in due course and there are excellent long term prospects in wider management roles.

Applicants should be graduates, probably qualified accountants, with the ambition to progress in a multi-national environment. Previous experience must include financial controllership in a substantial company. The expected age range is 27 to 36.

In addition to a salary of around £16,000 and a car benefits include a bonus scheme, contributory pension, life and health insurance and relocation assistance.

Please send brief personal and career details, in confidence, to Douglas G Mizon (Ref FT112M) at the address below.

E&W Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY

Assistant to the Group Treasurer

Waterloo

The Costain Group is a major international contracting group operating in the UK and overseas. Due to the continued expansion of the work of the Treasury function we now require an additional Assistant to our Group Treasurer.

This new post will primarily involve monitoring group cash and currency requirements and investing surplus funds in the international money markets. However candidates should also be able to demonstrate an ability to deal in forward exchange markets and will have had some exposure to bank guarantees/contract bonding. This is a challenging and exciting new opportunity that will appeal to a self motivated person who is determined to succeed in a stimulating environment.

A realistic salary, reflecting age and experience, will be paid to the successful candidate together with an excellent fringe benefit package.

Please write with full career details to:
Mr. M. Clarke
Personnel Manager
COSTAIN Richard Costain Limited
111 Westminster Bridge Road
London, SE1 7UE.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Financial Analyst

Young MBA
Kuwait, to £18,000 nett, + car, accom. etc.

Our client is a Kuwaiti owned multinational with business activities worldwide and a turnover approaching the $ bn. mark. Reporting to the Vice President-Finance the successful candidate will review a wide variety of proposals relating to both Middle East and other activities. This analysis will provide management with recommendations on business development and acquisitions. Applicants will be aged 25-30, with an MBA or a relevant degree and a minimum of three years' practical experience. They will have used sophisticated business analysis techniques and be both numerate and articulate. The company enjoys an excellent reputation and there is significant scope for career development.

N.P.S. Lilley. Ref: 222305/FT. Male or female candidates should telephone in confidence for a Personal History Form 01-734 6852.
Sutherland House, 5/6 Argyll Street, LONDON, W1E 6EZ.

Examining Accountant

c.£13,000

To strengthen personal liaison with our member firms and so ensure that the council's regulatory and liquidity requirements are met, we are seeking an additional accountant to join a small professional team.

The work is varied and demanding. You will hold a key position responsible for the financial surveillance of particular firms. This will involve close contact with council members, finance/administration partners, the accountancy profession and our own senior executives. In preparing and presenting reports and advising committees as necessary you will inevitably need to be aware of and contribute to, related policy issues.

You should be professionally qualified with experience of the securities industry and have a working knowledge of The Stock Exchange procedures, partnership and company law and taxation. Self motivation and effective communication skills are both essential.

The salary will be under review in March and our comprehensive benefits package includes non-contributory pension, fully paid season ticket scheme, free BUPA, 5 weeks' annual holiday and assistance with relocation expenses where appropriate.

Please write fully or telephone for application form to Jennifer Gregson, Senior Personnel Officer, The Stock Exchange, London EC2N 1HP. Telephone 01-588 2355. Ext. 8683.

The Stock Exchange

INSTITUTIONAL SALES EXECUTIVE

Sun Hung Kai Securities (UK) Ltd. are looking for an experienced institutional sales executive to head up the Singapore/Malaysian desk in their London office.

Previous exposure to the area is preferred. It is envisaged that after an initial period with our Singapore office the successful applicant will then be given the responsibility of running the Singapore/Malaysian desk.

A competitive compensation package will be paid according to experience and ability.

Please reply in the first instance to:—

Executive Director
Sun Hung Kai Securities (UK) Ltd.
13 Sherborne Lane
London EC4N 7SL

Financial Planning Analyst

Private Banking International

The Chase Manhattan Bank N.A., a leading international bank with a world-wide presence, is currently seeking a Financial Planning Analyst for its Private Banking Division based in the City of London.

This position has been created to assist the relationship managers in marketing and managing the personal accounts of high net worth individuals and corporate executives as well as preparing specialized financial plans for our clients.

The successful candidate will be a graduate in his mid-twenties with proven analytical skills and an in-depth knowledge of a complete range of banking products and financial services including tax, investment management, debt and cash management, insurance and estate planning. This individual will have excellent interpersonal and communications skills at all levels and possess a thorough understanding of international banking operations.

A competitive salary will be supported by the wide range of benefits you would normally expect from a major international bank.

Please write with a comprehensive c.v. to Rosemary Swift, Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

CHASE

DATABANK DEVELOPMENT MANAGER/ESS

Financial Times Business Information Limited requires an experienced statistician with project management experience in the development of computer-based systems for storing and analysing numerical data. The person recruited will assist in the development and implementation of on-line economic and financial data banks.

Basic qualifications are: a degree in a numerate subject including statistics; experience of using statistical computer systems and preferably experience in general economic and financial areas. Salary in the range £8,000-£9,000 pa.

Please apply in writing to:

Susan Smith, Personnel Officer
The Financial Times Limited
Bracken House, 10, Cannon Street
London EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Banking Opportunities

LOANS SYNDICATION c £16,500
An international bank requires an experienced loans syndicator aged early 30s to join a team in the development of short and medium term loan transactions in the international capital markets. An ability to speak English and Spanish is essential.

EUROBOND DEALER c £12,500
A Eurobond Dealer is required by a major foreign bank. Applicants should be aged in their 20s, with at least 2 years experience in Floating Rate Notes, fixed interest securities and convertibles.

MANAGEMENT ACCOUNTS c £11,000
A newly qualified accountant, aged late twenties, is required by an international bank to work on management information and accounts. Experience in management accounting or in bank audits would be useful.

CREDIT ANALYST c £12,000
A major bank seeks UK international credit analyst experienced in spreading of all types of financial statements and preparing financial and project reports. At least two years' experience in credit analysis required and a working knowledge of Spanish Portuguese useful.

BOND DEALER £ neg.
An international bank requires a Floating Rate Note Dealer in their 30s with 3 years experience. Applicants must be true professionals and known in the market.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX
01-283 9953

ACTUARIAL STUDENT

Are you too good for your current position ?

Would you prefer a demanding and rewarding position with a leading firm of Consulting Actuaries ?

Due to continued expansion Clay & Partners have a vacancy for an ambitious student who should be nearing completion of the examinations of the Institute or Faculty. The successful candidate will be based in the West End of London and will assist a partner, largely in the provision of advice to the Trustees of private pension schemes. This is a demanding role which should appeal to someone who has an ability to communicate as well as the usual technical skills. Experience of pensions work would be an advantage but would not be essential for an outstanding candidate.

The initial salary will reflect experience and examination progress to date.

The prospects on qualification and beyond are considerable.

Applications giving full details of qualifications and experience will be treated in strict confidence and should be submitted to:

B. Tatch, Esq., B.Sc., F.I.A.,
CLAY & PARTNERS,
70, Brook Street,
London, W1Y 2RN.

MANAGING DIRECTOR

required for expanding Group of Engineering/Electronic Companies

We are seeking an experienced Managing Director, or General Manager, with proven marketing flair, who will meet the challenge of providing the leadership and man-management ability to develop the full potential of the Group.

The salary negotiated will reflect the responsibility of the appointment and the calibre of the appointee. Remuneration package incorporates commensurate benefits of company car, pension scheme, life assurance, etc.

Preferred age range is 35-50

Please write, in the first instance, giving career details, salary progression, etc., to:—

H. Pratt, Secretary and Director
DRALLIM INDUSTRIES LIMITED
Brett Drive, Bexhill-on-Sea
East Sussex TN40 2JP

WANTED: SLIGHTLY USED EXECUTIVES

If you are an able, experienced executive or professional person, yet somehow are not making the most of your potential, perhaps you need a new approach to your career.

To learn how 'slightly used' executives have profitably renewed their careers, telephone for a free, confidential appointment with a consultant, or send us your c.v.

CHUSID London: 01-580 6771 35-37 Fitzroy St. W.1.
Manchester: 061-228 0089 Sunley Building, Piccadilly Plaza.
The Professionals in Career Counselling

FINANCE DIRECTOR

(LONDON)

International Management and Engineering Contracting Company in the Oil and Gas Field seeks a FINANCE AND COMMERCIAL DIRECTOR. The successful applicant, in addition to Financial Control will be responsible for the Company's Contracting and Legal Administration. F+CD must have thorough understanding of contract negotiations and experience of joint venture and subcontract negotiations.

The salary and fringe benefits will be attractive to the right person.

Please write with full details to Box A.7729, Financial Times, 10, Cannon Street, EC4P 4BY.

McCAUGHAN DYSON & CO.

Members of The Stock Exchange of Melbourne Limited

AUSTRALIAN SHARE ADVISOR

Experienced institutional advisor required for our well-established London office.

We are looking for someone, preferably well versed in the Australian share market, who can fit into our progressive team of dealers and actively contribute to the continuing growth and servicing of our clientele in the United Kingdom, Europe and North America.

With the back-up of a strong research department and very capable dealing team in Melbourne and Sydney, prospects for the right person are excellent.

Please apply in writing, including personal details and experience, to:

PARTNER
McCAUGHAN DYSON & CO.,
3 Bow Lane, London, EC4M 9EE.

All applications will be treated in the strictest confidence.

EXPORT FINANCE EXECUTIVES

£10,000-£18,000

Three European banks and one major American bank require bankers with experience of marketing and administering export finance services (buyer/supplier credits, etc.) on a global basis. In addition to proven marketing skills applicants should have good technical (documentation) experience.

Please telephone Brian Gooch.

SENIOR DEALER

to £18,000

Experience in Sterling as well as F/X dealing, deposits, arbitrage, spot and forward is required for position with prominent international bank.

Please telephone John Webster.

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX 01 623 1266

The European Division of a prominent American high technology group (T.O. £200M) requires a:-

Financial Controller

(Europe)

This is an exciting opportunity brought about by the rapid growth of the company's subsidiaries in Europe (T.O. £60M). The company itself is involved internationally in high technology instrumentation and communication projects.

A high level of professional and managerial ability is required to re-organise and consolidate the financial management of this Division. Linguistic ability is required with fluent French and good German and/or Italian. At least 3 years involvement in high technology industry, ideally electronics, is also required, together with a professional knowledge of computer based financial management.

There is an excellent career potential within this widespread group, with a generous remuneration package related to experience.

West London — *Age 30-40* — *Salary circa £18,000*

Applicants matching these requirements should contact me as soon as possible quoting RB.

I *Robin R Whalley*

A INTERNATIONAL APPOINTMENTS (LONDON) LTD

L *(Executive Recruitment Consultants)* *Cable: Interappt, London SW1 Telex: 912881*
Greener House, 66/68 Haymarket, London SW1Y 4RF Telephone: 01-839 1602/4 & 01-839 2831

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Merchant Banking

As a result of continued expansion, Bank of America International is seeking suitably qualified and experienced professionals for the following newly established positions:-

Deputy Operations Manager

Responsibilities will encompass the full range of operations duties in an international environment. The successful candidate will have 2-4 years' accounting experience gained in the computerised accounts department of a bank. Preference will be given to those already in a supervisory capacity who can demonstrate the ability to manage and motivate a team providing a range of services, including communications systems, data processing, office management and Central Bank reporting.

Head of Control Department

To supervise and manage a small team responsible for internal controls. The successful candidate will have a minimum of 2 years' experience in a supervisory capacity in an internal audit/control department of a bank.

Remuneration packages will be in line with best banking practice and will reflect the importance of these key appointments.

Write with full personal, career and salary details to Sylvia Adams, Personnel Manager, Bank of America International Limited, St. Helen's, 1 Undershaft, London EC3A 8HN.

BANK OF AMERICA INTERNATIONAL LTD

TRUST ACCOUNTANT IN MERCHANT BANKING

You understand trustee accounts and taxation, having probably gained your professional experience in a solicitor's or accountant's office, an insurance company or a bank. You have the drive and ability to co-ordinate the work of others efficiently and effectively.

Here is an opportunity to manange the accounts team that records transactions and produces accounts for a large and varied portfolio of trusts. Liaising with bank directors, investment departments and client trustees the responsibilities include work scheduling and planning changes in systems.

The excellent benefits package includes a salary of about £10,500 plus mortgage facilities and free lunches which can add a further £3,000. In addition there are valuable medical insurance, pension and life assurance schemes.

Interested? Then telephone me, Sue Jagger as advisory to the company for a discussion, or for an application form. Alternatively write to me in confidence at Cripps, Sears and Associates, Burne House, 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701 (24 hours).

This position is open to both men and women.

Cripps, Sears

ADMINISTRATOR

Old-established family business operating in service/manufacturing industry to exporters. Turnover £2,6 million with appropriate profits, seeks an Administrator of strong character with knowledge of accountancy. Equity available but not conditional. Company in strong financial position and currently participating in expansion of export trade operating from London area.

Apply in strictest confidence to:

Box A7732, Financial Times, 10 Cannon Street, EC4P 4BY

International Appointments

SR. CREDIT MANAGER

Muscat — Circa US$ 35000 p.a. (tax free) + excellent perks

One of the largest Omani banks wishes to recruit a dynamic Credit Manager to head their expanding credit department. The Credit Manager will report to the General Manager of the bank and will be based at the head office at Muscat. Currently the bank has 10 branches in the Sultanate of Oman and a loan portfolio, which is growing at 20% per annum, of around US$ 90 million.

The Credit Manager will need to formulate and implement credit policy, manage a professionally staffed credit department and interface effectively with branch managers and customers alike. An important immediate task would be to design and implement credit, business policy and marketing seminars for branch managers.

Applicants should have had sound credit training with an international/progressive bank and a minimum 3 years credit lending experience. An outgoing personality, an ability to work as part of an international team (the bank is managed by one of the largest banks in the USA), and an innovative approach to business development are essential attributes. Candidates in their thirties with Middle East experience will be preferred.

Whilst the starting salary will be negotiated around US$35000 p.a. (tax free), the bank is flexible enough to pay the right sum to attract the best talent. Perquisites are excellent and include free furnished accommodation, car, bonus, medical coverage, annual family leave passages, generous education allowances and leave.

Initial interviews will be held in London/Bombay/Bahrain/Dubai.

Applications, which will be treated in strict confidence, should be sent within 10 days to:

A.F. Ferguson & Co.
P O Box 7219 Dubai, U.A.E.

giving full details of age, qualifications, previous credit experience and salary drawn. Applications and envelopes should be marked "Ref. MS/3013"

Divisional DP Managers

A major multinational Group expanding its central and London based DP activities requires Managers for its Industrial and Physical Metal Trading Divisions.

Primary duties will be to develop, co-ordinate and implement computer systems in line with company strategies and policies, utilising small and interchangeable teams, on an international scale.

Applicants, male or female, will be graduates or equivalent, ideally with post-graduate business training, in the age range 30-40. Substantial experience of implementing accounting and general commercial computing systems in either an industrial or trading environment is essential, as well as familiarity with mini computers for on-line systems.

Comprehensive CVs with details of present salaries should be sent to the Group Personnel Manager, Amalgamated Metal Corporation Ltd, Adelaide House, London Bridge, London EC4R 9DT.

AMC Amalgamated Metal Corporation

Fund Managers (2)

Major Investment Company — to £18,000

We have been asked by our Client, the investment arm of a major Accepting House, to find two outstanding Fund Managers. Our Client is one of the largest forces in the investment scene and operates across the full range of pension fund management, unit trusts, corporate funds etc.

They now seek two men/women, almost certainly graduates, in their late twenties or early thirties with a minimum of five years' experience of investment gained in research based organisations.

Pension Fund Management

The person appointed will already be working in the pensions area and will preferably have experience of local authority accounts. There is likely to be a considerable marketing element to the job.

Unit Trusts

This job calls for a person who combines both analytical and fund management skills. The ideal person is likely to be an Analyst/Fund Manager with a stockbroker/insurance company bank who wants to move into specialist fund management.

As well as a generous remuneration figure, which will include a bonus element, there are the usual banking benefits such as a subsidised mortgage etc.

Please write with full details to Colin Barry at Overton Shirley and Barry (Management Consultants), 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884.

Overton Shirley and Barry OSB

MANAGING DIRECTOR

(LONDON)

An International Engineering Contracting Company seeks a **SENIOR EXPERIENCED CHIEF EXECUTIVE** with a proven record of the Management and Engineering Contracting in the Oil and Gas Field.

The applicant must be profit-conscious, with strong financial and budgetary disciplines and should be able to make a constructive contribution to the Company's continued growth.

Salary and fringe benefits will be attractive to the right person.

Please write with full details to Box A.7729, Financial Times, 10, Cannon Street, EC4P 4BY.

ROBINSON COLLEGE CAMBRIDGE

SENIOR BURSAR

Robinson College intends to appoint a Senior Bursar to take office as soon as possible. The stipend will be at Professorial level (at present £18,270 per year). The duties are financial and administrative. The appointment is full time, but a person wishing to pursue academic work within the University might be considered for a part-time appointment at a stipend to be negotiated.

Further particulars can be obtained from The Warden, Robinson College Cambridge CB3 9AN

to whom applications should be sent by 1st March, 1982

CHIEF DEALER

Paris Office of major international bank

Major international bank in Paris seeking to expand its foreign exchange and money market operations requires a Chief Dealer to assume the responsibility for the day-to-day running and control of its dealing room activities, reporting direct to the bank's treasurer.

Applications are invited from dealers who occupy similar posts or have a minimum of 5 years experience in all aspects of the activities of a dealing room, including French Franc treasury and Eurodeposit operations and who are prepared to accept a challenging and interesting opportunity.

The successful applicant who should at present be working in France, must have good command of English and will be expected to have a thorough knowledge and understanding of the Paris market as well as that of the international markets.

The salary is negotiable and will reflect the importance of the position.

Applications in writing to include C.V., photograph, salary and telephone number should be addressed to Havas Contact, 156 bd Haussmann 75008 Paris under reference 39194.

HAVAS CONTACT

MIKE POPE & ASSOCIATES
BANK RECRUITMENT CONSULTANTS

Experienced Money Brokers	£ negotiable
FX Dealers	to £16,000
Graduate Lending Officers	to £16,000
Asst. Personnel/Admin. Manager	c. £12,000
Credit Analysts (pref with languages)	c. £11,000
Supervisor FX Admin. 26-30	to £11,000
Doc. Credits Clerks 25-30	£ negotiable
Reconciliation Clerks	to £6,500

Please contact:
Mike Pope or David Patten
01-626 5191
1/2 Gracechurch Street, E.C.3.

UK Representative — Financial Services

A Swiss-based international foreign-exchange advisory and portfolio management group wishes to appoint a representative who would act in a self-employed capacity to market its services in the United Kingdom.

The successful applicant must be mature (unlikely to be under 35) and a self-starter, and ideally should have knowledge and/or experience in foreign exchange and international finance.

Please send details of career to-date to:
Ref. CWRC
Reed Taylor Management Consultants
Devonshire House
146 Bishopsgate London EC2M 4HB

Reed Taylor Management Consultants

TOP BROKER CONSULTANTS

AGE up to 45

Attractive salary guaranteed + substantial commission + subsidised house purchase scheme + company car

You have heard all about us — our performance record — our range of broker designed contracts and our professional approach to brokers. Are you good enough to become part of our small but expanding team? We are looking for three consultants based in

SUSSEX/HAMPSHIRE — SOUTH LONDON — CORNWALL/DEVON/SOMERSET.

We are also looking for a Regional Manager based in

WEST MIDLANDS.

If you are looking for a career with one of Britain's leading linked life offices and are self-motivated, enthusiastic and experienced in the marketing of linked plans to brokers, write to:

David Evans, Agency Manager,
M&G Life,
91-99 New London Road, Chelmsford CM2 0PY.
Telephone: (0245) 51651.

M&G

M&G Life

Advertisement Representative

A challenging opportunity has arisen at The Financial Times Business Publishing Ltd. for a young energetic salesman/woman to work for the Investors Chronicle magazine.

The successful applicant must be self-motivated and able to work with the minimum of supervision. A good level of education — minimum "A" level — and the ability to sell advertisements in a highly competitive market are necessary for this position.

A competitive salary and company car are offered together with group pension scheme and five weeks' holiday.

If you are interested please write with full details to:

Jeremy Nelson, Deputy Advertisement Director
INVESTORS CHRONICLE
Greystoke Place, Fetter Lane, London EC4A 1ND

or telephone him on 01-405 6969.

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regional calling officers

Nederlandsche Middenstandsbank N.V., a major Dutch financial institution, is seeking Repatriating American Calling Officers to complement its multinational capabilities within the New York branch. Implementation of the Bank's marketing program requires bringing on board two additional National Accounts Calling Officers.

The individuals most likely to succeed will be proven self-starters, able to work effectively in a loosely structured environment, and willing to accept individual responsibility for developing new business within a designated calling area.

Experience in marketing bank financial services and a solid credit background are required. Familiarity with the Midwest or Pacific Coast markets would be an advantage.

The opportunities for advancement within the organization, including the possibility of relocation, are excellent. NMB provides a comprehensive benefit package competitive within the industry.

Please submit resume including salary history and requirements to:

M.M. Benson

NMB BANK

450 Park Avenue
New York, New York 10022

An equal opportunity employer M/F

Investors are hunting a head hunter with established international connections who is seriously seeking independence with equity.

Please reply in such detail as you would expect to receive yourself.

Write Box A7727, Financial Times
10 Cannon Street, EC4P 4BY

CREDIT ANALYST — To £11,500

Capable banker (to age 32), with at least 2 years analytical experience sought by respected North American Bank. Opportunity for progression to marketing role.

JNR. CREDIT OFFICER — To £10,500

Expanding International Bank seeks Banker (to age 33) with several years experience in loans administration, with emphasis on International lending.

Other good positions offered in FX, Accounts, Credit etc.

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requires for its London office in the City:

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GENERAL ACCOUNTS CLERK

for busy department. Previous banking experience an asset. School leavers with relevant qualifications and typing will also be considered. A fully competitive salary, depending on age and experience, plus fringe benefits, offered.

Written applications which will be treated in the strictest confidence, should be sent, together with a full curriculum vitae, to:

Box A7731, Financial Times, 10 Cannon Street, EC4P 4BY

INSTITUTIONAL INVESTMENT SALESMAN/WOMAN

A leading Canadian investment house seeks an institutional securities salesman/woman for its London office. Candidates should have a good educational background and a record of success in the development of business. Prior experience in the Canadian or American markets would be desirable but not essential as a period of familiarisation in Canada is available if necessary, prior to employment in London. Remuneration and fringe benefits will be generous. Applications, marked confidential, and enclosing copy of curriculum vitae, should be addressed to:

THE MANAGER, GREENSHIELDS INCORPORATED
48 FREDERICK'S PLACE, LONDON EC2R 8HT

International Appointments

INTERNATIONAL APPOINTMENTS ALSO APPEAR ON FOLLOWING PAGE

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Nigeria ***c.£30,000 + House + Car, etc.***

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Applicants are invited to contact R. J. Welsh.

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Please write to Geoffrey Thiel, quoting reference 1040/FT on both envelope and letter.

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His duties will include:
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Please write in confidence, giving full details of qualifications, career history to date to Mr. B.W. Plaat, Personnel Department of Lummus Nederland B.V., Kalvermarkt 9, The Hague, Holland or phone 070-61 48 91.

C-E LUMMUS
LUMMUS NEDERLAND B.V.
Kalvermarkt 9, 2511 CB Den Haag. Telefoon 070-61 48 91

GENERAL MANAGER

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MALAWI

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Malawi High Commission, Recruitment Section (ADMARC 3), 33 Grosvenor Street, London W1
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(Kenya)

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All enquiries will be accorded strictest confidence. Please write with full details quoting reference 1750 and listing separately those companies to whom you do not wish your details to be sent. Applications will be forwarded *directly* to our client.

Charles Barker
RECRUITMENT ADVERTISING SERVICES
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HK$1,000,000.00 + housing and car

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Please send applications to:—

General Post Office
P.O. Box 11307
Hong Kong

The Wilh. Wilhelmsen Group is one of Norway's largest shipowning companies. The activities include liner, tank and bulk shipping, offshore drilling and supply, liner agencies and terminal operation.

The group manages a fleet of 80 vessels and 7 platforms/rigs (newbuildings included), of which 40 offshore support vessels.

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Principal responsibilities will be identification and development of new projects within bulk and *tramp shipping and offshore* related activities.

Applicants should be aged between 35 and 50 and posess the following qualifications:
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- have an outgoing personality and full command of the English language

We would envision a 3 to 4 year contract with options to extend or transfer to another suitable position within the Wilh. Wilhelmsen Group.

Salary and other terms (benefits) are negotiable.

Inquiries about this position should be directed to Mr. Ivar Lovald, Managing Director.

Written application should be addressed to our Personnel Department.

WILH. WILHELMSEN
Roald Amundsensgt. 5, P.b. 1359 Vika, Oslo 1, Norway – Tel. Int. 47 2 11 12 00

Bank Officers

Leading Middle-East Financial Institution

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Candidates should have a minimum of 3 years' marketing experience, with a successful record of business development. Overseas branch experience with a money-centre is preferred.

Benefits will be first-class and an excellent remuneration package will be negotiated.

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EAL

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LAWYER

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Candidates should be qualified lawyers aged below 35, entitled to practise in the U.K. or Ireland. A minimum of four years' post qualification experience, either in commercial private practice, banking or industry is required.

Languages: A sound knowledge of French, in addition to English.
Knowledge of other community languages would be an advantage.

Attractive remuneration depending upon *qualifications and length of professional experience.* Additional benefits include expatriation, family, dependants' and education allowances, a pension scheme and a health insurance sheme.

Candidates, who must be nationals of an EEC Member State, are invited to submit their applications, accompanied by a detailed curriculum vitae and photograph, to:

EUROPEAN INVESTMENT BANK
Recruitment and Careers Division
100, Bvd. Konrad Adenauer
L-2950 LUXEMBOURG

Applications will be treated in strictest confidence.

International Appointments

International Banking

PARIS

GROUP INTERNAL AUDITOR

Our client, a well-established and respected international banking group, currently seeks a qualified accountant to take overall control of its internal audit function.

Candidates should ideally be in their early thirties, possess a formal accounting qualification and have at least three years international bank audit experience. Fluency in English as well as a good working knowledge of French are sought.

Reporting directly to the Chairman the main areas of responsibility will be for the regular audits of accounts and operations as well as for special investigations for the whole group including its subsidiaries. A certain amount of travel is envisaged.

A competitive salary is offered.

Jonathan Wren Banking Appointments

Please send a detailed curriculum vitae in confidence to Roy Webb, Jonathan Wren & Co., Ltd., International Division, 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. No identities divulged without permission.

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The successful applicant should:

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- be prepared to be based in the Caribbean area and to travel

Please apply with a full curriculum vitae in English and salary history to Cipher B 18-118370 *PUBLICITAS, Zürich, Switzerland.*

All applications will be acknowledged and treated in strict confidecne. Applications not complying with our requirements will not be considered.

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3. General Manager, Financial Systems in Data Processing Centre.
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a) EDUCATIONAL QUALIFICATIONS:
i) For S. No. 1: At least a Masters Degree in the area of Business Administration, or Computer Science or Engineering or Physics.
ii) For S. No. 2,3 & 4: At least a Masters Degree.

b) *IDEAL COMBINATION:*
i) For S.No. 1 & 2: Business Administration and Computer Science.
ii) For S. No. 3: Accounting (i.e. Certified Public Accounting) and Computer Science.
iii) For S. No. 4: Engineering & Business Administration.
iv) For S. No. 1 to 4: *Sound managerial training* is a MUST.

c) PROFESSIONAL REQUIREMENTS:
i) For S. No. 1 & 2: Basic knowledge of hardware, operating systems, programming, system analysis and design, EDP Project Management, Communications.
ii) For S. No. 1:
a) Ten years experience in applying/using computers including as Manager of large (20 manyear or more) Commercial EDP Projects.
b) Proven computer centre experience applying large IBM systems with international telecommunications net-work (370/148 or larger models) on Manager level.
c) At least five years record of successful managerial performance within a large international organisation. Proven experience in cost effective running of a department of over 150 employees.
d) A strong and upright personality, expert in motivating people, trained to achieve set goals, efficient in solving problems.
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b) Five years or more proven Computer Centre experience in managing Operations or Technical Support or Software Maintenance.
c) Airline computer centre experience is very valuable but not a MUST.
iv) For S. N. 3 & 4: Basic knowledge of operating systems, system analysis and design, EDP project management; programming experience is helpful.
v) For S. No. 3:
a) Seven years experience in applying/using computers in the area of accounting, budgeting, financial controlling, planning administration and resource management.
b) Proven experience in designing/implementing/maintaining computerised accounting and other finance *related systems as Project Manager in a large, preferably* multinational organisation.
c) Proven exprience in managing a team of at least 25 persons.
vi) For S. No. 4:
a) Seven years experience in applying/using *computers for inventory/material managements, part*-procurement, storage and control, shop loading and scheduling including related financial and management reporting.
b) Proven experience in designing/implementing/maintaining computerised Inventory control systems as Project Manager in a large, preferably multinational organisation.
c) Proven experience in managing a team of at least 20 persons.
vii) For S. No. 1 to 4: Airline experience is an asset but not a "MUST" requirement.

5. MISCELLANEOUS REQUIREMENTS:
a) MAXIMUM AGE LIMIT:
(For S. No. 1) Not to exceed 45 years as on 1-1-1982.
(For S. No. 2 to 4) Not to exceed 40 years as on 1-1-1982.
b) LANGUAGES: Must be proficient in URDU and ENGLISH.
c) SALARY: Competitive in accordance with the qualification and experience of the candidate.
d) PROBATIONARY PERIOD: Six months, extendable at the discretion of the Management.

Applications giving the required particulars alongwith a recent passport size photograph and photo-copies of ALL educational certificates, other qualifications, experience and domicile should reach the EMPLOYMENT MANAGER PIA, SHAFI COURT, CLUB ROAD, KARACHI-4, PAKISTAN not later than February 15, 1982.

NOTE:
(1) Interviews of the eligible candidates will be conducted in London, New York, Jeddah and Karachi
(2) Candidates must clearly mention the name of the post on the top left side of the envelope.

PIA Pakistan International Airlines

PORTFOLIO MANAGEMENT

EAL

Hong Kong

c.£20,000 plus benefits

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Candidates will be in their late 20's or early 30's and will have a successful track record in international portfolio management including experience of Far Eastern markets. Base salary negotiable in the range of £15,000 to £17,500 plus profit participation, flexible house loan scheme, free accommodation and other benefits. (WW.976)

Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1., quoting reference. No identities divulged without permission.

Manager Business Planning & Financial Analysis

Munich c.£14,000+Profit Share

Our client develops, produces and markets, via direct mail, a broad range of leisure products, including books, records, home decor items, jewellery and collectables. Their turnover is in excess of $400m and they are a division of a major international company.

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Benefits offered are attractive and are in line with this level of appointment.

To apply, please telephone M. J. R. Chapman or write to him quoting Ref. 5678.

Lloyd Chapman Associates

123, New Bond Street, London W1Y 0HR 01-499 7761

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European Financial Controller

who would like to join us and contribute to the success of our young and rapidly growing company. We are the European headquarters of a large American corporation and are located in Wiesbaden/West Germany. We have been in the European market for seven years with our internationally known and recognised products.

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PRESIDENT OF JAPANESE SUBSIDIARY

DCE VOKES Group, a main subsidiary of Thomas Tilling Limited, specialises in environmental and pollution control engineering internationally.

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DCE VOKES KK, which operates from Tokyo, has a small but experienced and dedicated staff, and a Japanese national with experience of European business is required as President and Representative Director. General management experience, a knowledge of and connections with Japanese industry and the leadership qualities to develop the company in accordance with Group plans are essential. The ability to communicate fluently in the English language is also vital for success.

Replies giving brief personal history and business experience will be treated in strict confidence and should be addressed to:
A. Williams Managing Director, DCE VOKES Group Limited, Humberstone Lane, Thurmaston, Leicester, LE4 8HP.

DCE VOKES

A member of the Thomas Tilling Group

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an experienced

TECHNICAL SALES REPRESENTATIVE

TO SERVE MAINLY THE REFINING INDUSTRY

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PLEASE REPLY WITH C.V. to MR. T. VAN DER PUT
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Please write in strict confidence giving full details of career to date to:

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Financial Times, Bracken House,
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INTERNATIONAL GROUP ARE SEEKING A

MANAGING DIRECTOR

for their newly established branch office in Apapa, Nigeria. The ideal candidate would be single, aged 30-40 and have held similar appointments in the general trading field. Salary negotiable.

Full cv to Box A7726 Financial Times, 10 Cannon Street, EC4P 4BY

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20 years successfully in leading position with majority/coal companies and banks, experienced in international marketing and management, all up- and downstream operations, closing of respective contracts also for concessions, processing, barter deals and financing, widely travelled Europe/Middle East/USA, good introductions oil/coal producing/consuming industries, traders and bankers. German nationality; seeks new challenging position with international company active or to become active in these fields or as consultant.

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INTERNATIONAL BANK

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THE ARTS

Brian Patten and Roger McGough — Leonard Burt

Tricycle, Kilburn

Behind the Lines by MICHAEL COVENEY

For one not plugged into the poetry-reading circuit, the prospect of Roger McGough and Brian Patten strutting their stuff for two hours was redolent of beer-sodden nights in the Traverse at Festival time, Eleanor Rigby and Gerry Marsden. How are these totems of the late 1960s Liverpool scene coming along?

All preconceptions are swept aside by this insidiously beguiling performance which occasionally makes the mistake of pretending to be "theatre" but in fact serves up a tantalising selection of the work of two of our very best and most popular poets. Time may have stood still for some of us, but not for them. The presentational aspect should have concentrated on developing the incipient cross-talk; these lads could be the Morecambe and Wise of English poetry.

Roger McGough, snappy, bespectacled, irreverent — the boy making rude noises at the back of the form — is Morecambe to Brian Patten's serious, whimsical, utterly charming Wise. They open with an arts programme discussion of the rise in poetry *among consenting teenagers.* "I then became addicted to metaphysical poetry." "Donne?" "Once or twice."

McGough's forte is the hilarious encapsulated scenario, best known in the poem about the top deck of a bus engaged in an orgy on learning that the world will end at lunchtime. But here also is the dinner party going up in flames and "The Battle of Bedford Square" in which a critic receives his come-uppance at a publishing thrash. Patten closes his eyes and recites, quite beautifully, some of his recent love poems: the Liverpool lisp *is raised a few notes, the* intensity of projection just right.

Patten is persuasively affectionate, too, about Stevie Smith and John Betjeman, while McGough finds a fellow American spirit in the short piece from an anthology: "Get your tongue out of my mouth, I'm kissing you goodbye." It is but a short step from there to "Discretion is the better part of Valerie, though all of her is nice." A lovely, surprising evening. I admire especially the duet's tenacity of career: they are still doing, very well, what they always wanted to do. And no sign of paunch or gout. Will we still love them when they're 64?

Covent Garden

Manon by CLEMENT CRISP

With Anthony Dowell returned to the Opera House as *des Grieux, and Jennifer Penney* as Manon in a role most sweetly hers, with David Wall and Monica Mason, the splendid originals of Lescaut and his mistress, MacMillan's luscious portrait of gilded vice and spoiled innocence looked at its most persuasively theatrical on Tuesday.

The occasion was a BBC television recording, and it is good to note that each of these principals was on best form, and *that the company performance* was as rich in dramatic nuance and detail as one could wish.

Miss Penney and Mr Dowell produced *dancing of the most* generous and ringing fervour, by turns tender, remorseful, distraught. This des Grieux is almost too vulnerable *in his* niceness, but the character acquired an odd integrity from the very precision and clarity of Mr Dowell's dancing, with its pure line and moments of vehement energy. Miss Penney is a Manon who retains her allure even at the last; and with what grace the choreography is set *out, seeming* as simple and natural in statement as birdsong.

With performances of this *calibre — and with the des*perado charm of David Wall's Lescaut, the warmth of Monica Mason as his mistress, and the obsessive sensuality of Derek Rencher's GM—*Manon* remains an irresistible combination of immorality, opulence, suffering and tears. It should win many more admirers on the small screen; it is pleasant to record that its new public will see not only admirable dancing but will hear an admirable musical per*formance: the Opera House* orchestra under Ashley Lawrence was as eloquent as *Manon.* deserves.

Texaco rescues Youth Theatre

After almost two years of negotiation the National Youth Theatre has clinched a sponsorship deal which ensures the survival of the company—at least for the next few years. Texaco, one of the top five oil companies in the world, is supporting the NYT with cash support, believed to amount to £60,000. Although the deal is for one year only it would be surprising if the company withdrew at the end of 1982.

The NYT has been in a parlous position for the past year. The Arts Council with*drew its £20,000 aid in Decem*ber 1980, justifying its decision on the grounds that scarce funds were better distributed *towards professional* arts companies, and that the NYT stood a very good chance of getting commercial sponsorship. So Sir Roy Shaw, *secretary general of* the Arts Council, could claim yesterday that his move, which he regretted having to take, has had a happy outcome.

However, Mr Michael Croft, who founded the NYT in 1956 and still runs it, was quick to point out that although the Texaco cash would enable the company to concentrate on acting without the constant worries about its future, it did not remove the need for other sources of finance, in particular a continuation in the support it gets from Camden Council, *the GLC, ILEA and other* well wishers both private and corporate.

Texaco took a long time to decide to concentrate *its* arts sponsorship on the NYT. It made the decision, in the words of its chief executive, Mr William S. Barrack Jnr, because "young people today need more than ever to be encouraged to work together . . . and to find creative outlets for their energy."

The NYT has always been able to rely on fanatical support from its past members who include Helen Mirren, Diana Quick, Derek Jacobi, Michael York and Robert Powell. It also has an inspired choice in *its president. Sir Ralph Richard*son. The NYT is now recruiting among 14 year olds and over for its 1982 summer season and courses.

Metropolitan, New York

La Bohème by ANDREW PORTER

Twenty-six of the 69 performances listed in the Met's winter brochure — more than one in three—are of operas by Puccini, and most of them are *La Bohème*, of which a big new production has just opened. Essentially, it is a reworking by Franco Zeffirelli of his famous Scala production 19 years ago, but there is a new first and last act that, together with some other changes, significantly alters the dramatic emphasis of the opera. Whether deliberately or not, the Met *Bohème* seems to embody a scarcely Puccinian message: How unimportant these young people and their loves and dreams are! They live and die like mayflies on the great river of life! How small a space they occupy in the vast, busy city.

"For the first time," Zeffirelli said, "audiences will have a sense of the immensity of Paris, and the smallness of this little group's place—the actual space of a *garret.*" *In many produc*tions that garret is too large for realism—but it is made to seem the most important place *in the world for those who live* there and for us who are invited to enter it; and its walls contain and intensify emotions filling it from side to side. But in the Met production the garret is tiny and set well back beyond two rows of realistically *built rooftops. So far from* "entering" it, we observe it in the distance, and are made to feel that it is just one among *many in the huge city.*

Act 2 is a reworking of the two-level Scala set, with the Momus a large quayside restaurant and above it a boulevard and lifesize houses. Nearly 300 people and two quadrupeds appear in the brief, bustling scene. When Musetta arrives in a fiacre, and when a military band of Berliozian size pours on, the audience breaks into applause. The soloists are often lost amid the throng.

In the traditional set, the *Bohemians' table is well for*ward, stage-left, always visible; here it's central, set back by a lane's width, and often *obscured. Musetta's carryings*-on are of a Welitschian scale. "Saucily revealing a foot" is the stage direction; Renata Scotto repeatedly kicks her skirts over her head.

In Act 3, the central emptiness of the Scala snow scene, reaching back not to a painted cloth but simply to a point where the eye could penetrate no further through diminishing gradations of light, has been filled in with trees, a snowbank, and much coming and going. The haunting image of Mimi and Rodolfo against bleakness, then turning to one another for comfort, is lost. For Act 4 I expected a new set, a close-up at last of the garret; but the distant first set returned.

The acting is intimate and detailed, cinematic. The Met's close-up photographs look like film stills, and when the television lenses zoom in to pick out the principals the result may be wonderful. But in the enormous theatre everything remains in long shot, distanced. This is the least romantic, least moving *Bohème* I've seen, and all of a piece. All poetry is drained from the first encounter. "Destiny" plays no part; it is a knowing calculated pick-up on both sides. Mimi, it seems, blows out her candle deliberately; Rodolfo certainly does; she gives a smirk of satisfaction when she sees him pocket the key, and then advances her hand to meet his—no half-willed, half-accidental, thrilling touch. Spotlights, beloved by American lighters, track the pair through the dark room. The tensions of mounting attraction, released at last in the octaves at "Tu sol comandi, amor," are lost.

The "numbers" don't stand out in relief. "Che gelida manina," "Mi chiamon Mimi," the *Addio*, the coat song are produced with applause-inhibiting closes, so as to flow straight into what follows. But on the first night the bold idea was not carried through; conductor *and performers stopped to await* the applause the producer had sought to avoid, which then arrived late, more intrusive than ever, and *hardly* enthusiastic. There was no great individual singing.

Teresa Stratas and Jose Carreras

Teresa Stratas, a Covent Garden Mimi twenty years ago, is piquant, vivid, attractive, intelligent—a fascinating performer; but one wouldn't want to buy records of the arias. Musetta's waltz song veered between stridency and inaudibility, squalling and fading like a badly received shortwave broadcast. José Carreras's voice has darkened and lost its youthful freshness. Richard Stilwell, that patrician Pelléas and Ulysses, seemed to be slumming as Marcello but gave a conscientious and passable performance. James Levine's conducting was loud, energetic, enthusiastic. He obviously loves the inventions of the score. But—unlike Beecham, unlike Karajan—he doesn't find the natural, idiomatic flow of the music and he is not really — what each of them so memorably was—a *sensitive, delicate accompanist.*

Bohème doesn't need spectacular scenic elaboration. The old Covent Garden sets, designed by Adolfo Hohenstein to Puccini's prescriptions, put in good service for 70 years, seldom missing a season. (Melba, in 1899, was the first of the many Mimis who knocked shyly at Rodolfo's door; Joan Carlyle, in 1968-70, was the last to die in the familiar garret.) Visiting singers knew their way around them, whereas at the Met it would be hazardous for even a super to go on without careful rehearsal. At La Scala, the singers—Freni and *Riamondi, Ratti and Panerai*—still seemed paramount; I remember them in the foreground of Zeffirelli's huge, beautiful tableaux and of Karajan's exquisite sound-pictures. The Met *Bohème* is an essay in desentimentalisation, achieved by sinking Puccini's characters deep within the large frame. It's a handsome, careful, and interesting production, but it doesn't put first things first.

*

New York's third *Traviata* of the season was put on by the American Opera Center at the Juilliard—a bloody production by Andrei Serban. At Flora's party, Paquillo mimed killing *his five bulls, and his inamorata* smeared their blood on her bosom and licked her fingers with relish. In the last act *Violetta brought up blood by* the cupful and wiped her fingers on the cherished (but here despised) letter. The *staging—set in a bare loft with* different minimal trappings—was a mixture of modern clichés (Violetta's corpse at the footlights at the beginning and the end; pantomime during the preludes; Alfredo returning in person at the end of Act 1) and coarse, imperceptive new invention. I review it only because the British companies use Serban. This was his American operatic debut. It was sad to see talented young singers thus led astray—*traviati.* In a less foolish production, one that worked with the grain of the drama and the music, Roseann Del George *could be a moving Violetta.*

Shakespeare in Paris by NICHOLAS POWELL

The Théâtre du Soleil has come to specialise in large scale productions over recent years. But no one quite expected director Arian Mnouchkine to come out with anything quite so vast as Shakespeare's Richard II-Henry V tetralogy plus *Love's Labours Lost* and *Twelfth Night*, the comedies being performed by an all-female cast.

Mnouchkine has just started with *Richard II*, in the cast-iron pillared warehouse which houses the Théâtre du Soleil at Vincennes. The other plays will follow next year.

Mnouchkine has remained true to her reputation of stage extravagance: the walls have been painted gold. The backdrops are huge and beautiful satin-like *sheets*, grey and bright red, painted with huge solitary suns and moons. Cast enter and exit by means of two *long raised dais stage left.*

But the most extraordinary single element in the Théâtre du Soleil's "re-reading" of *Richard II* is the infusion of aspects of Japanese theatre. Curiously beautiful costumes combine Elizabethan features—ruffs and *doublets*—with swirling, dazzlingly coloured skirts. Movement and gesture have been forced into a mould inspired, according to Mnouchkine, by Japanese Noh and kabuki: actors dash stiff-necked on and off stage in a swirl of costumes. Moments of intense emotion are expressed in a series of conventions ranging from twitching to swooning.

Voices too have been stylised: the actors declaim in a manner as artificial as the rest. And the entire text is punctuated and its dramatic effect underlined by two drummers handling an impressive gallery of Japanese percussion.

The mixture is as daring as anyone could wish for and has already attracted both critical acclaim and some disapproval. Not only does Ariane Mnouchkine get away with it. She has made a huge (in more ways than one—the *production*, drawn out by the Japanese elements, last four and a half hours) success of it.

Any un-British look at Shakespeare has to be at least refreshing. Mnouchkine notes in the programme that the "sceptred *isle*" was with all of three million inhabitants at the end of the 14th century pretty much of a desert. The militaristic costumes of Japanese theatre seemed more appropriate than the well known images of medieval Europe.

The treatment necessarily presents a very different *Richard II* from the one we are used to. It brings out all that is feudal, courtly, formal, but sacrifices some of the most intimate, internalised passages.

The Mnouchkine version does not express Richard's infuriating and fascinating narcissism. The self-dramatising speeches of his defeat and those of his final degradation come across as exercises in logic and manipulation of metaphor rather than at painful *passages of self*-discovery. The terrible self-torturing doubts of Bolingbroke towards the end of the play *suffer a similar fate.*

Mnouchkine's spectacular use of stage business does achieve occasional effects—such as *Richard's adieu to his Queen*, for example—which make up for the loss of some of the poetry. Mnouchkine has Richard *Walk* onto stage attached by long ropes to six gaolers. The ropes eventually run the entire depth of the stage, forming a sort of spider's web. The visual image—sustained like so much else by the Japanese percussion—is so strong that one forgets the declaimed nature of the verse.

'The Housekeeper' opening. 'HRH' closing

Leo McKern, star of the television series *Rumpole of the Bailey*, is to return to the West End in *The Housekeeper*, a new play by Frank D. Gilroy which will open at the Apollo Theatre on February 25 (previews from February 23).

The Housekeeper, to be directed by Tom Conti, will play at the Theatre Royal, Brighton, *from January 26 for two weeks* and at the Richmond Theatre from February 8 (two weeks) before coming to the West End.

At the same time it has been announced that *Her Royal Highness?* at the Palace Theatre will finish its run on Saturday January 30.

CONTINUED ON PAGE 33

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 157.

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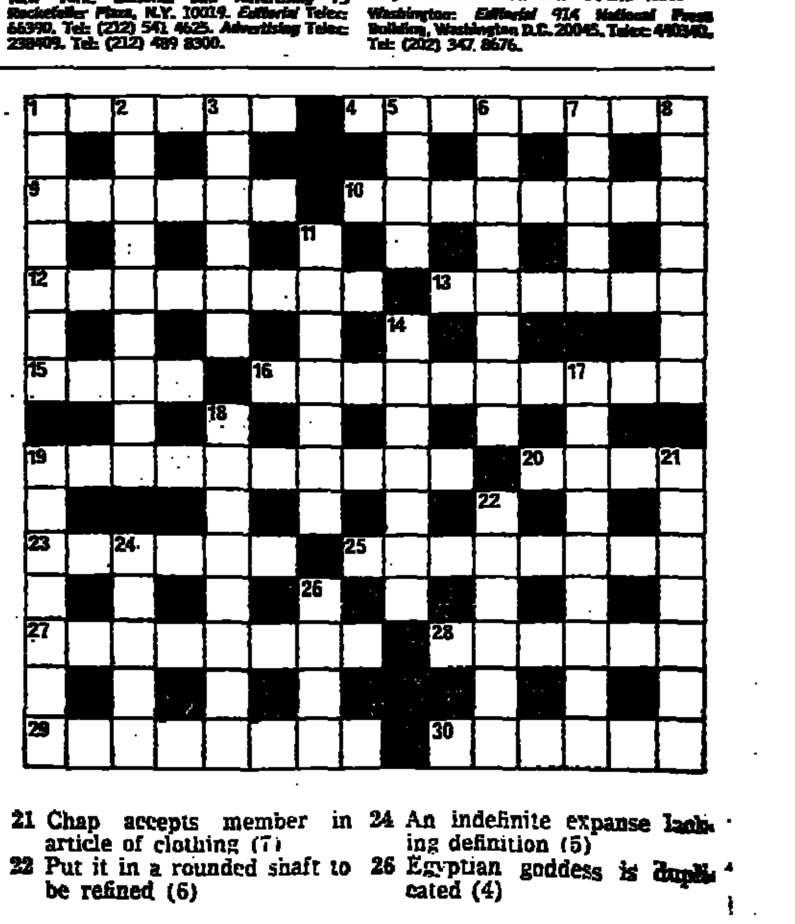


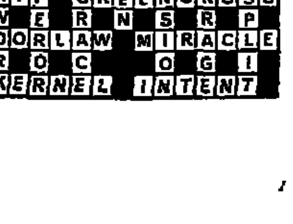
ACROSS

1 Vehicle making joker go north (6)
4 Fish for a little monster (8)
9 Type of sale to put about (6)
10 False and evil use about four (8)
12 Fence and box? (8)
13 Belgian seaport doesn't change (6)
15 Doctor aboard a satellite (4)
16 Spiritualist, seldom met with, is a little underdone (6, 4)
19 Revolt, as children often do (4, 2, 4)
20 Self-satisfied fool from the south (4)
23 Putting silver into reserve is barbaric (6)
25 At home with past nark (8)
27 Musician groans it out (8)
28 A good quality and a love of the fine arts to note (6)
29 It should improve one's vision to look at drinking-vessel (8)
30 Animal with its paws around vicar (6)

DOWN

1 Is it sounded before hostilities to draw up spirit? (3-4)
2 Be heard and understood by the audience and receive a medal. (3, 6)
3 Source of gold I trap (6)
5 A continuous reverberating sound — from 1 Down? (4)
6 Cultivated a little we hear, but it's horrible (8)
7 Uproar in which one is upset (5)
8 Pipe suiting the French (7)
11 Common soldier? Hardly! (7)
14 An admirable person, but a small type (7)
17 University team alarm outrageously (4, 5)
18 Silver on inside of dial is slantwise (8)
19 Put back soldiers on top of depot (7)
21 Chap accepts member in article of clothing (7)
22 Put it in a rounded shaft to be refined (6)
24 An indefinite expanse lacking definition (5)
26 Egyptian goddess is duplicated (4)

Solution to Puzzle No. 4,776



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday January 21 1982

Poland and the West

NO-ONE can assume that western economic sanctions against Poland or the Soviet Union will have a determining effect in bringing about a lifting of martial law in Poland. There are too many other, more pressing factors at play for that to be the case. A co-ordinated western sanctions policy is nevertheless necessary, partly because it shows the seriousness of western commitment to the liberal principles enshrined in the Helsinki agreement, partly because it may have some influence on the decision-makers in Warsaw and Moscow, but most of all because it represents a concrete warning of what might happen if the Polish situation were to deteriorate.

Pressure

The main difficulty is in ensuring that western countries keep in step and that their sanctions are co-ordinated. So far this has not been too problematical on the financial front, but in the trade field co-ordination is likely to be more delicate. Ten days ago western governments in Nato agreed that they would not negotiate the rescheduling of those Polish debts which fell due this year, nor extend any fresh credits, until martial law is lifted, the detainees are released, and a dialogue is resumed between the government, Solidarity and the church.

This decision to withhold western financial help, which was forcefully reiterated by Lord Carrington on Tuesday, is likely to exert cumulative pressure on the Warsaw authorities, since it will put a progressive squeeze on necessary imports from the west. It also has the advantage that it may be susceptible to fine tuning as the situation in Poland evolves.

The effectiveness of trade sanctions in directly influencing events in Poland is much more open to scepticism, especially when they are relatively limited in scope, as is the case with those announced by President Reagan shortly after the imposition of martial law. The interruption of supplies of high technology items may have some disruptive effect on Soviet investment projects already under way, and a delaying effect on projects which have yet to get going, like the gas pipeline. The drawback is that this kind of ban is slow-acting, and only has its maximum impact if it seems likely to be in place for a very long time, if not for ever.

The only trade sanctions likely to have an immediate impact would be those affecting essential consumables, like cereals; but having lifted the grains embargo imposed by Jimmy Carter after the invasion of Afghanistan, President Reagan does not for the moment seem likely to reimpose it.

Impact

At the Nato meeting, European governments undertook to back up the limited U.S. sanctions by comparable, though not necessarily identical, actions of their own, and this weekend the Nato members will hold detailed consultations on the steps they have in mind. As well as not undermining the impact of the U.S. measures, European Community governments may consider, among other things, penalties on imports from the Soviet Union or hardening of export credit terms to the Soviet Union.

Complete agreement may not be reached at this first meeting, but the Europeans will no doubt have had their attention concentrated by President Reagan's declaration that he would not wait for ever before imposing additional sanctions. This was directed primarily at Warsaw, but a second wave of U.S. measures before Europe has enacted its first could be very divisive in the alliance.

Conflicts

Unfortunately, it begins to look as though the Polish crisis could be a long-drawn-out affair. The initial effectiveness of General Jaruzelski's military crackdown does not seem to have been matched by any comparable progress towards a political solution of the crisis, and it is increasingly clear that enforced "normalisation" scarcely hides profound popular resentment. On the economic front, the evident vacillation over the question of price increases strongly suggests that the authorities are at a loss over what to do next.

Western trade and financial sanctions will not resolve the political conflicts inside Poland. But if they serve as a warning that the prolonging of martial law could provoke additional western counter-measures, they could concentrate minds in Warsaw and Moscow of the necessity of finding an accommodation with the Polish people.

The educated unemployed

THE DISTURBING figures produced yesterday by the three bodies concerned with graduate employment throw a rather different light on the controversy over spending on higher education. Last year the number of graduates who found jobs fell by 12 per cent, and a further fall of 10 per cent is expected this year; yet the output of graduates seeking work is rising—about 9 per cent up this year. During 1982, then, graduate unemployment must be expected to rise very sharply; the unfortunate graduates will be competing not only with each other, but with those from earlier years still seeking work.

Some questions

The university officials point out defensively that graduates still have a much better chance of finding work than simple school leavers; but it would indeed be disgraceful if this were not so. The universities take in a very high proportion of the ablest young intellects and exclude all kinds of disadvantaged groups. The figures leave wide open the question of whether a university training does anything at all to enhance the claims of native ability in the employment market—the best measure we have of the value society puts on ability. A simple-minded market test would suggest that we are over-producing higher education.

It would be absurd, to base such a conclusion on the results of a severe economic recession; but it is legitimate to raise some questions about the direction and relevance of British university education. A simple resistance to cuts is not self-justifying at a time when perhaps a quarter of this year's graduates will be jobless.

Major expansion

British universities have always set their faces firmly against allowing academic training to become a form of vocational course, apart from the learned professions. There is certainly nothing objectionable about insisting on some intellectual rigour in higher education; nobody would wish to see the academic world developing courses in undertaking or hairdressing, for example.

However, it is a short step from this to the point we seem to have reached, where only acdemics are permitted to judge what is academically respectable —a judgment tempered only by the weight of student demand for various courses. This inward-looking system has two results which may help to explain the figures. Too many courses are designed to lead to research and teaching; and in some institutions, subjects are taught at a level quite inappropriate to the needs of students. It is legitimate, and not simply snobbish, to wonder why there are huge departments of philosophy at some polytechnics, for example.

The major expansion of higher education in this country was based on the Robbins report, but seems to have overlooked one of its major recommendations. Robbins, recognising that expanded universities would contain a much higher proportion of students of a practical rather than academic bent called for an expansion of general courses, designed to enhance understanding and reasoning ability over a wide field; rather than narrow specialisation. Instead, highly specialised courses are now taught to an ever-growing body of students who will have little or no future use for what they learn. In much the same spirit, the ushers of the eighteenth century thrashed their pupils into an ability, promptly forgotten, to construe Greek verse.

Hard-working

It is to be hoped, then, that the employment crisis will provoke the academic world into a certain amount of self-examination. If society has an inadequate demand for what they are producing, it also has an unfulfilled demand for what they could produce—general courses with some stress on numeracy and problem analysis and post-experience degree courses for those whose thirst for higher learning is acquired on the job (and who make able, eager and hard-working students). Academic excellence is a necessary but not a sufficient programme for higher education.

BRITAIN'S PWR PROJECT

Sizewell's new lease of life

By David Fishlock, Science Editor

SIZEWELL B, Britain's first pressurised water reactor (PWR) nuclear project is back on the rails. The Government confirmed this yesterday when it set January 1983 as the date for the opening of a public inquiry.

The Government's confidence that this time it has got the PWR right is buttressed by a stack of documents standing over 5 ft high, despatched in recent weeks to the Nuclear Installations Inspectorate (NII) by its nuclear advisers. They are all to be published, unabridged, by April 30, and put on public display.

The project breaks new ground for Britain in the extent to which it will depend on U.S. assistance not only for the reactor itself, but also for the engineering of the entire station. Both Westinghouse Electric and Bechtel, the U.S. contractor, are to play major roles in Sizewell B.

The safety case of Sizewell B would be delivered to the nuclear inspectors in the next two months, Dr Walter Marshall, chairman of the UK Atomic Energy Authority (UKAEA), promised at a press conference in London yesterday. It had still to be reviewed by the nuclear inspectors "but we already know the degree of revision which we need to do is small." The nuclear inspectors have undertaken to publish their report six months before the inquiry begins.

In Dr Marshall's view, Britain's chief nuclear inspector, expected to be a key witness at the inquiry, must never be lured into saying that he believes this new design is totally safe. Any such statement would be an abdication of his role as public watchdog for the safety of nuclear plants, for which he would deserve the sack.

It was Dr Marshall's report to the Government on progress with the Sizewell B design that led to yesterday's announcement about the inquiry by Mr Nigel Lawson, the Energy Secretary.

The function of the NII, Marshall contends "is to be a constantly nagging, never-satisfied auditor." He likens it to the role of nagging wife "where the only way a chap knows he's out of the doghouse is when she stops nagging about one problem and starts on another."

In the U.S., the Government's nuclear inspectors will not allow a company to operate a nuclear power station until they have pronounced it "totally safe," an approach which was criticised by the inquiry into the accident at Three Mile Island.

But Britain's system is different in a crucially important way. Here (and also in France) the nuclear inspectors cannot go beyond saying "we can see no reason to reject the project" or "we can see no reason why you should not operate this plant."

Under British law, the onus is totally upon the operator to show that there is no reason. The operator holds the nuclear licence, though the chief nuclear inspector has the power to withdraw it. The safety of airlines is assured in the same way. The burden of justifying the case on PWR safety will rest with the Central Electricity Generating Board. For that reason alone, the CEGB cannot stand aside while someone else designs its PWR.

Dr. Marshall has played a central role in the development of Sizewell B. For nearly two decades since the early 1960s, when it turned its work on the submarine PWR over to the defence company Rolls-Royce and Associates, the UKAEA had shown little interest in the PWR. Moreover, for many years the nuclear power industry had made it plain that it wanted the UKAEA "on tap, not on top" of the national nuclear programme.

Last spring the nuclear industry proudly produced its first outline design for Sizewell B. It had looked at half-a-dozen designs—U.S., West German, French, etc—and had come up with a new one, a uniquely British PWR. Each nation with a highly developed engineering capability has evolved its own traditions of safety. The British PWR attempted to accommodate the British nuclear safety requirements within an ingenious new shape of plant.

But its ingenuity raised two huge problems. One was that it eroded some, if not all, of the advantages in capital cost over the current UK nuclear system, the advanced gas-cooled reactor (AGR). The other was that it had departed far enough from the U.S. design on which it was supposed to be modelled to warrant the charge of being, once again, a "prototype" plant. Once more, Britain was trying to re-invent the wheel.

"They got it wrong," says Marshall diplomatically. The CEGB was horrified. "It was unlike any PWR that had ever been built before," one board member says.

The CEGB found itself in an uncomfortable situation. Effectively, it had been ordered by the Government to leave the National Nuclear Corporation (NNC) alone to produce its design. Mr David Howell, then Energy Secretary, had declared that the NNC was to have "total project management" of Sizewell B, as the first step in rebulding a strong UK nuclear industry. But as the customer and organisation responsible in British law, the CEGB refused to accept the British PWR. It persuaded the designers quietly to withdraw it last summer.

The NNC had rejected not only British (especially CEGB) but U.S. experience in its endeavours to show how clever it was in designing nuclear plant. But no-one could say who was responsible, for the company never clearly identified a project director.

Enter Marshall, the newly-appointed UKAEA chairman, as peacemaker. His solution was a new task force—a proxy project directorate—with himself at the helm, to try to retrieve the Sizewell B project. The CEGB, unwilling to flout ministerial decree and pick up the project itself, yet desperately disillusioned with the PWR design team, clutched at Marshall's suggestion and relayed it to the Energy Secretary. The task force, with Marshall as chairman, was appointed in July 1981 with the job of salvaging the project before the end of the year.

Yesterday, the Government made it quite clear that it is sufficiently confident about the Sizewell B design to set a date for the public inquiry which will allow witnesses a clear six months to digest the three key design documents: the pre-construction safety report, now with the CEGB for review; the reference design; and the latest report of the study group on pressure vessels.

From the outset, the task force was acutely aware of the charge that in trimming the cost of the project it would be cutting corners on safety. In fact, its task was to revert with all speed to the basic design agreed between customer and supplier at the outset, modified only where necessary to meet safety and other requirements specific to Britain. This is based on the Callaway station under construction in Missouri. Eight such stations are already operating and another 30 are expected to be in operation before Sizewell B.

The accompanying sketch shows how the cost of this type of station breaks down into four major parts. Nuclear safety—the part of greatest public interest—is almost wholly confined to the nuclear stream supply system (NSSS). But this accounts for only one-fifth of the cost of the station.

Moreover, there is a still stronger reason for not tinkering with the NSSS. Westinghouse Electric is supplying and guaranteeing this portion under a licence paid for by the CEGB. If Britain tried to change the design in any radical way, Westinghouse would no longer guarantee it, and a central part of the argument for exploring the PWR would be lost.

The big change adopted by the task force is to use a power station layout developed by Bechtel, called the standardised nuclear unit power plant system (SNUPPS). It is the most successful U.S. attempt to standardise nuclear station design and break the bottlenecks in the tortuous U.S. nuclear regulatory process. Bechtel became a key part of the Sizewell B project last summer.

Nevertheless, changes were necessary both to the Westinghouse NSSS and to Bechtel's SNUPPS layout to satisfy special British requirements. For the NSSS, they amount to extra—and larger—emergency cooling circuits, four instead of two, lest some should fail at the critical moment. For SNUPPS they include the use of two 600 MW turbo-generators where Bechtel uses one 1,200 MW machine; and 50- instead of 60-cycle electricity, which means leaving more room for electrical equipment. The diameter of the containment building for the nuclear island will be 150 ft, an extra 10 ft, to accommodate more and bigger machinery and extra radiation shielding giving operators and maintenance staff more protection.

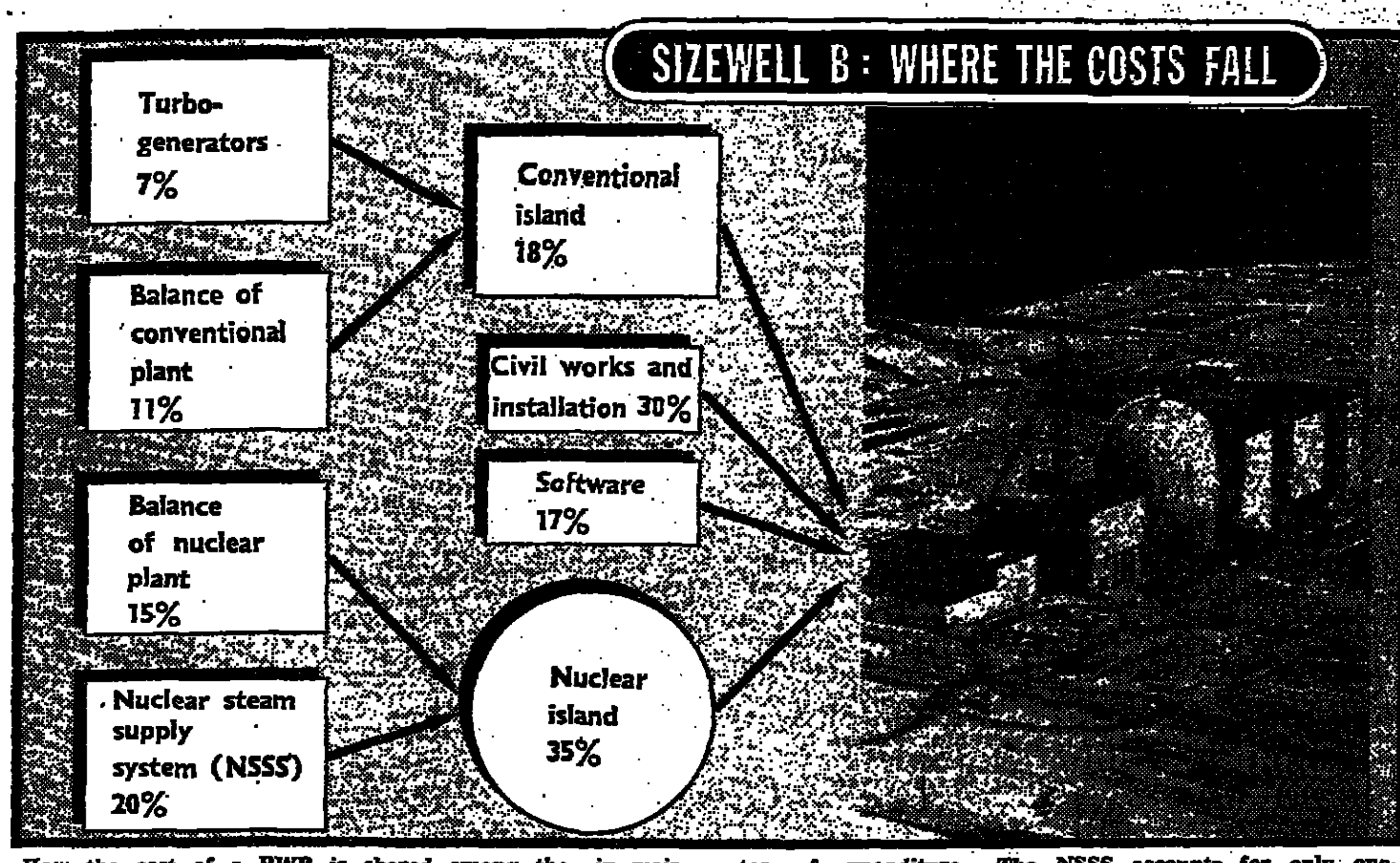
The pre-construction safety case is being reviewed by the CEGB, and the nuclear inspectors. Until this has been accepted by the CEGB, the task force will not try to estimate costs. But unofficial estimates disclosed last month by Mr James Stewart, who headed the design team during the latter half of last year, suggest that it could be over 30 per cent cheaper to build than an equivalent amount of power from 660 MW AGRs.

Apart from safety, the big question mark that still hangs over Sizewell B is the management of a complex project. Britain's experience of the PWR is considerable, but almost entirely locked up in the defence project that has given the nation 16 successful nuclear submarines in as many years.

Sizewell B has been salvaged —so far—by a massive Anglo-American technical effort. Behind the task force Dr Marshall assembled a steering committee composed of all the top executives of the British nuclear industry, as well as the nuclear chiefs of Bechtel and Westinghouse.

But this task force is no more than a proxy project directorate, designed to cut through the long chains of decision-making which had been hobbling the project for more than two years. Dr Marshall likens the situation he found when he took over to the nursery game "pass the message" in which crucial questions passed from hand-to-hand become distorted out of all recognition. In the task force, every question must be addressed to the chairman. Under this discipline, problems have tended to evaporate, he says.

Now the project will come under new management. Mr Ted Pugh, one of the CEGB's most successful project directors, has taken command of a joint project team consisting of engineers from the NNC, the CEGB, Bechtel and Westinghouse. The CEGB had had something of the sort in mind for several years but was prevented from doing anything about it by the Government's insistence on giving the NNC total project management. The formidable task facing Mr Pugh is how to maintain the fast pace set by the task force last year.



How the cost of a PWR is shared among the six main sectors of expenditure. The NSSS accounts for only one-fifth of the total. *In the 1970s, used as a basis for calculating these proportions, inflation and interest charges* accounted for roughly 50 per cent of the cost.

Dr Walter Marshall (right), chairman of the UK Atomic Energy Authority, who promised yesterday that the safety case for Sizewell B would be delivered to the nuclear inspectors within two months.

Men & Matters

Just deserts

A star is born—the all-important third star which, in Michelin language, says that Le Gavroche, in Mayfair, London, stands in the first rank of European restaurants, and should put a stop to all that rubbish about England being a country with 60 religions and only one sauce.

The brothers Albert and Michel Roux, who own Le Gavroche and a stable of other fine London restaurants, are proud and happy men. "An Olympic gold medal," said Albert Roux yesterday. "I have had no other ambition."

But away from the silver service and the fish-forks, a group of high-flying financiers may also allow themselves considerable satisfaction at this international recognition for what was, in its early stages, an informal sort of venture capital project. For when the Roux brothers decided the time had come to move out of private service and into business, they found a sympathetic friend and backer in Michael von Clemm, now chairman of Credit Suisse First Boston.

Von Clemm had known in his Oxford days Edward Cazalet, son of Albert Roux's employer Peter Cazalet, and also Jacob Rothschild, now chairman of RIT. From Harvard acquaintance, he drew Stanislas Yassukovich, now managing director of the European Banking Company, into the culinary net. That team, together with IDV, later part of Grand Met, provided the relatively modest cash float with which Le Gavroche was opened in 1967.

"They are just personal friends who are amused by the idea of owning good restaurants," explained von Clemm yesterday. "I recall thinking at the time," says Yassukovich, "that it was either going to be extremely good and unprofitable, or profitable while not maintaining culinary standards."

Michelin, and Albert Roux, now happily beg to differ. "Highly geared and profitable," said Roux when I asked him about the figures.

The brothers have since bought out their backers, though von Clemm remains chairman of the company. "The wise man," is how Albert Roux describes him, "my dearest friend." And while the brothers have been accumulating their own equity, they have also been "spinning off" their best chefs into kitchens of their own: Jean-Louis Taillebaud at Interlude de Tabaillau in London's Bow Street, and Pierre Koffmann at Tante Claire in Chelsea.

Here again, the banking connections helped with investment to supplement that of the Roux brothers and the newly-established chef. Yassukovich's wife was an investor in Tante Claire: David Potter of Samuel Montagu in the Interlude.

The Roux brothers' restaurants—Le Gamin and Le Poulbot in the City, Gavvers in Chelsea, and Le Gavroche, now have six Michelin stars between them, a unique achievement in Europe. That third star is unlikely to have much effect on Le Gavroche's evening business, since bookings already run weeks ahead, though Albert Roux does want more attention paid to the £16.50 set menu at lunchtime.

"Oh, those—that's what you see when you get the bill!"

In the pink

Note to bespoke tailors in the vicinity of Bank: start building up your stocks of pink gents' suiting. The market in Bank of England gatekeepers' coats may be a bit slow, I know, but I gather that pink is also going to be de rigeur on the floor of the London International Financial Futures Exchange, due to open in autumn over the road in the Royal Exchange building.

Elsewhere, preparations for Liffe—pronounced, for the benefit of Dubliners, "life"—go on apace. Brian Williamson, director of the City discount house Gerrard and National, is to be seen top-hatless but sporting a bright red jacket on the floor of the Chicago Mercantile Exchange's International Monetary Market.

Williamson has joined the IMM's stiff ten-day floor-trading course, polishing up his act as both a director of Liffe and chairman of the membership and rules committee. Gerrard and National will also be involved in the new Exchange, for it plans to set up in partnership with Inter-Commodities a company which will act as one of Liffe's clearing members.

Burning question

The tobacco industry's £625,000 campaign to persuade Sir Geoffrey Howe to ease its tax burdens in the next Budget has found ready support on the Tory backbenches at the Commons.

Two early day motions—a form of political advertising carried by the Commons order paper—were put down by separate groups of Tory MPs yesterday.

The first band, led by Michael Brown, MP for Brigg and Scunthorpe, warns that the economic law of diminishing returns is now affecting the taxation of cigarettes and calls for a tax cut of 20p a packet. "Ignore the special pleading from social do-gooders," it counsels the Chancellor.

John Carlisle, MP for Luton West, heads the second group's protest about the media's sustained attacks on the tobacco industry and "those of Her Majesty's subjects who exercise the right to smoke." Sporting morale and health, Carlisle claims, is being damaged by the denial of tobacco sponsorship.

What will be Sir Geoffrey's response? Anti-smoking campaigners on the Labour benches trust that the Chancellor will again demonstrate that there is no more devoted suporter of a cause than a late convert to it.

Sir Geoffrey used to smoke three or four packets of cigarettes a day. Returning from a holiday in France in the summer of 1980, the Chancellor bought his duty-free 200 and announced they would be his last.

"He made them last for a week," I am told, "then he edged a few until he was too ashamed to ask."

Some 18 months later, Sir Geoffrey says the renunciation was not half as horrifying as he thought it would be.

Double edged

Overheard in a City wine bar: "The good news is that the gilt market is going up: the bad news is that Smith St Aubyn is buying it."

Observer

ECONOMIC VIEWPOINT

Ways out of stagflation

By Samuel Brittan

PROFESSOR James Meade has written the most distinguished study* I have yet seen of the stagflation problem — the unpleasant combination of high unemployment and rapid inflation. It would be a very great pity if it were either welcomed or dismissed merely as a "handbook for Social Democrats" or a "guide to incomes policies."

Professor Meade's logical starting point is that "monopolistic organisations of workers" secure wage levels designed not to promote employment, but to enhance the living standards of the immediate group. Because of their powers, policymakers are placed in an unenviable dilemma. They can try to boost the demand for labour to full employment levels — which Meade calls the "old Keynesian" approach. Such a course risks setting off an accelerating inflation, in which case it would have to be brought to a painful end. Alternatively, policymakers can concentrate on checking inflation —only to find that the economy balances (or—as Meade fears—oscillates) at a horrifyingly high level of unemployment. The key to policy is to reduce labour monopoly power and other rigidities so that the NAIRU—non-accelerating inflation rate of unemployment — comes back to a civilised level.

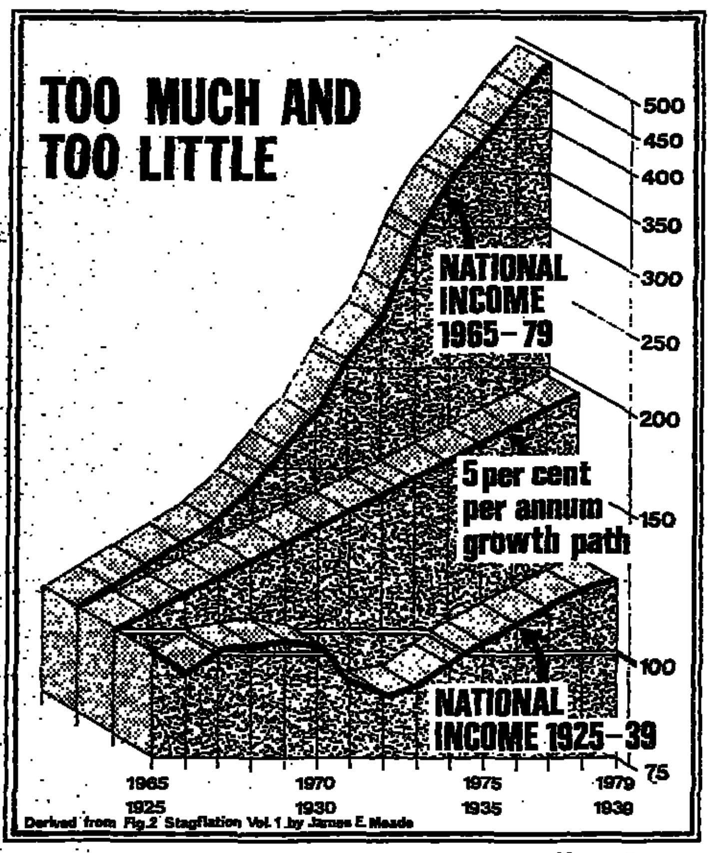
We are still left with the problem of why the NAIRU has shot up so much since the 1950s and 1960s when very low unemployment percentages were combined with moderate and stable inflation rates. Union legal privileges and the threat power of "small, compact groups of workers" were, after all, pretty strong in the 1950s and 1960s and, to his credit, Meade does not put all the blame on the oil crisis.

Does not put all the blame on the oil crisis

Nevertheless an economic, like a medical physician, often has to prescribe for a disease which is not fully diagnosed. A colder economic climate, whether brought on by the displacement of traditional products by newly industrialising competitor countries or (outside Britain) by a slowing down in the productivity trend, requires more flexibility in labour markets and more willingness to price people into jobs than we needed when the environment was smoother.

Professor Meade has two main prescriptions. First, financial policies should aim to keep total money expenditure rising at a steady moderate rate of 5 per cent per annum. This will be shown statistically by a growth of money national income or Money GDP of around that rate. Secondly (and in his view more important) against this background, wage-fixing methods should be redesigned to promote full employment.

A 5 per cent growth in total spending—or in the demand for the products of labour—will provide sufficient restraint to "rid ourselves of the idea that whatever may happen to the rate of rise of money wages, *spenders will always be supplied with sufficient confetti money to cover the resulting costs of production.*" On the other hand wage earners will know that if they refrain from overpricing, there will normally be a sufficient market for their labour. Starting from recent high levels of inflation, there would, of course, have to be a gradual shift down to 5 per cent.



Martyn Barnes

The chart shows how far the UK has been from achieving even the first prescription. In much of the pre-war period total spending (or national income as described in the chart) did not rise at all and in some years actually fell. By contrast between 1965 and 1979, demand shot up and generated a rapid inflation with no ultimate benefit to employment.

Professor Meade labels his first prescription as "New Keynesian." It could also be called "Monetarism without the Mumbo Jumbo."

Meade doubts whether controlling the stock of monetary assets is sufficient to control the flow of total spending, and his emphasis is on fiscal rather than monetary policy. Such differences between Meade's "New Keynesians" and the pure monetarists are largely technical, and will be explained in his forthcoming second volume.

The key difference, which is not technical, is that Meade regards a Money GDP target or equivalent as part of a joint package with the reform of wage fixing. It is this focus on wages and the labour market which makes the Meade proposals something more than an improved restatement of the Medium Term Financial Strategy.

Professor Meade's labour market reforms would have *four prongs. First,* he provides a critical but sympathetic analysis of the proposal for replacing conventional firms by labour co-operatives—that is "getting rid of the problems of the wages explosion by getting rid of wages." He does not think it could be a cure-all and would be difficult to apply in the nationalised and capital-intensive sectors. But it could help in the "small-scale private competitive sector."

Secondly he looks at ways of making the existing labour market more competitive. He provides an elaborate arithmetical analysis of how, in the face of a monopoly employer of labour, trade union action could be a corrective and increase both wages and employment simultaneously. But the more typical case is that of unions acting as monopoly sellers of labour and more than offsetting any employer power: with the net result of reducing employment and forcing those excluded to choose between the dole and inferior jobs. Meade's conclusion is that we should avoid crude union bashing, but try to redress the balance by abolishing certain practices such as the pre-entry closed shop.

It is an example of the quality and conscientiousness of the book that it contains far and away the best (if not the only) summary of union legislation from the economic point of view, that is of its effect on the ability of unions to exercise monopoly power.

Third, Meade looks at suggestions for a centralised incomes policy, with some body which would have the power to enforce a "norm," exceptions, and so on. Such a centralised policy is essential if "*old Keynesian*" demand management is to be tried again. Meade provides devastating reasons for supposing such centralised wage setting doomed to failure. But he does emerge with the idea of a guideline "norm"—on which in my view the less said, the better.

The author's main emphasis is on a fourth approach, which has been called a market-based or decentralised incomes policy or in this book "Not Quite Compulsory Arbitration." The idea is that freely agreed bargains would go ahead as at present; but a dissatisfied employer or union could take the dispute to a central arbitration body. This body—in utter contrast to the way in which such bodies have hitherto operated—would be instructed to go for settlements which would promote employment in the sector concerned. The arbitration body would not be able to enforce its award directly on unions, but would be able to exert powerful sanctions, such as wholesale withdrawal of legal immunities, if its guidance were disregarded.

This was the one part of the book where I felt disappointed. The basic suggestion has already been made by Meade in articles and lectures; and I had hoped for more detail on the economic criteria by which the tribunal would work, but this is not provided.

Still more important would be the question of timing and *degree. In current circumstances* a 12 per cent settlement would nearly everywhere be better for employment than an 18 per cent one and a 6 per cent settlement better than either. Unless all awards were to be at some low minimum, the question of how much gain to employment over how long a period should be traded against each 1 per cent on the settlement would be essential.

A more basic worry is that employers may refer claims which threaten them with heavy losses, but would have no direct interest in the promotion of employment as such. They will often have a common interest with the union in settling for high wages at the expense of low recruitment, excessive mechanisation and a quiet life. The supine attitude of many employers' bodies to the closed shop is evidence enough. The *right of referral to the tribunal* would have, I suspect, to be given to the Government as well as to employers and unions.

Nevertheless, it might be worth experimenting with a Meade-type arbitration tribunal to which a few of the more blatant claims or settlements could be referred. It might affect public attitudes a little if it were shown that the adverse *efforts of some public sector* claims on employment were not simply the invention of Sir Geoffrey Howe, but were accepted by a body of the "great and the good" at some *distance from the political fray.*

In addition, it might be easier to reduce union immunities and privileges selectively, where they have most clearly been abused, rather than by a full frontal attack.

The more one thinks about the Meade approach, the clearer it becomes that there will be no Day One on which it can be announced that wage fixing institutions have been reformed sufficiently for the financial side of the strategy to go ahead. It will rather be a progress of attrition on many fronts, which *one hopes will lead to a gradual* reduction in the NAIRU.

There is thus, in my view, no valid case for delaying the relaunching of a Medium Term Financial Strategy aimed at controlling total spending. The knowledge that monetary demand will be growing adequately but not excessively

A progress of attrition on many fronts

should itself contribute to the greater awareness of the link between pay and jobs which Meade would like to see. Indeed, in a vague and fuzzy way, even the present badly articulated strategy is having this effect. The trouble is that even its present very modest degree of credibility has arrived so late and after so many jobs have disappeared.

* *Stagflation Volume 1: Wage Fixing, published by George Allen and Unwin, price £15.00 Hardback, £5.95 Paperback.*

Lombard

Double standards and Mr Haig

By David Tonge

FREEDOM FOR detainees, the *lifting of martial law,* a *dialogue* with the opposition—Nato rightly asks for all these in Poland. Should it not publicly insist on the same in Turkey?

Lord Carrington treats the question as a reasonable one and earnestly replies: "I think on the whole we try not to have double standards." Mr Alexander Haig, however, attacks like a wounded tiger. The question "reflects a double standard that boggles my mind," he snapped at a questioner last week. He argued that the West's critics should stop "this masochistic tearing down of our values" and give more weight to its "precious freedoms and values with all their failings." But such values may seem of little comfort to the 30,400 people currently detained or sentenced by Turkey's generals.

Superficially, it is easy to link Turkey and Poland. Both borrowed too much from eager banks, found politics interfering with economic stabilisation plans, had a military takeover, and have since been run with an iron heel. Opposition unions and groupings have been suppressed, broadcasters and public servants purged.

Poland scores worse in the extent of its censorship and in its use of starvation as a political weapon: only workers who toe the regime's line can buy from the party counters inside many factories. But it should not be forgotten that in the 16 months since the Turkish generals seized power a dozen Turks have been executed, around 200 been shot resisting arrest and Amnesty International has reports on over 60 prisoners who have died in custody, many during *interrogation.*

The key question is how the regimes are considered by their own peoples.

In the case of Poland, the military are clearly isolated and resented. Solidarity had a popular mandate and the promise of democratic renewal outweighed the frustrations caused by the pre-coup confusion in the country. Further, it was to some extent the authorities, pushed by the Russians, who provoked a crisis by retreating from past commitments, setting out to limit strikes and raiding the student sit-in at the Warsaw Firemen's Academy.

In Turkey the generals are a more credible force. Feuding politicians had brought parliament to a standstill, the streets were battlefields and political anarchy was costing over 100 lives each week. Since then the death toll has dropped dramatically and 700,000 weapons been collected by the authorities. One can ask why the military had not done better before. After all, martial law had been in force over 20 months. "Did they want the situation to worsen to justify seizing power," one former prime minister says.

The generals have announced a timetable for elections—even if they warn "important international events" might cause *it to slip—they say they are* committed to multi-party democracy.

All this is totally different from Poland. But the similarities between the two regimes and, in particular, the Turkish generals' sorry record on human rights suggests that the question put to Mr Haig deserves a more considered answer.

Certainly, the Turkish generals need understanding, but equally they need to feel constant pressure for moderation if they are not to do their people and their allies harm. For though consistency may be the hobgoblin of little minds, double standards in the matter of democracy and human rights are self-defeating.

In the short term they sap faith in the values which Nato was set up to defend—and this the alliance could ill afford in the pre-Polish days of nuclear marches. *In the longer term,* they could lead to a similar turn around to that seen with Greece. There the U.S. embraced the colonels' dictatorship in the interests of Nato. Now the men and women imprisoned and exiled by those colonels are in power, the future of the U.S. bases in the country is in question, and Nato has to abandon its communiques or publish them with footnotes expressing Greek reservations—over Poland. It is a lesson Washington should remember.

Letters to the Editor

The wrong way to govern London

From the Leader of the Opposition, Greater London Council

Sir,—Your report in last Thursday's edition called "The wrong way to govern London" was correct not only in most of the facts reported, as one would expect, but also in its title. In the reasoning and the result *I'm afraid the same praise* cannot be due.

Surely in this political war between the Marxist left elected at County Hall, and sanity, it has to be understood that those politicians who wish to promote palpably absurd policies, must be shown up, within our democratic system, for what they are? The debate, to any onlooker, was untidy but two facts emerged:

1—The Socialists were divided into the hard line Marxists (and they admit it) and those who no longer stick to their manifesto. The latter were elected on a false premise, or their arguments against Lord Denning in the Court of Appeal, over the London Transport case, have no effect.

The Conservatives abstained on the final vote, having completely protected themselves earlier in order to let London see, if it needed any further proof, what the left wing in control at County Hall were really like. There will be many recriminations among *Left-wing Labour Associations* in London about those Socialists who did vote for the fares increases. How many of those would there have been, if the Conservatives had shown their hand earlier and said they would support the increase in fares along the lines of that proposed by GLC officers? I'll *tell you—a rump of half a dozen* not the 18 plus the 3 Liberals/SDP who in fact did.

2—In my view, the original Conservative GLC Budget for London Transport was exonerated by the House of Lords in their judgment. The media would have posed the question: should the Conservatives be held responsible for the increases necessary to get out of the present muddle as they would have been seen to be responsible for carrying the decision against the present appalling Leadership of the Council?

So having proposed everything necessary to remain within any interpretation of the law, the Conservatives abstained and forced the Socialists to split into their true colours.

Possibly this all sounds rather muddled—maybe a little too *technical—but it is certainly* political. The present Majority Party at County Hall is that elected only last May and they have brought all of these problems on themselves.

I am now convinced there is a vast majority in London desperately wondering how on earth Livingstone and Co. were in fact elected. The truth is of course they were elected on a fraudulent prospectus.

Finally, should the GLC as it now is be disbanded? Many Conservatives have agreed this *for some time.* The strategic functions that should be carried out by a Regional Authority have never been granted. However, would it not be better that regional authorities be en*couraged to develop in this* country over wider areas than the present GLC, rather than those powers and functions needed for such an arrangement being retained or absorbed back into Whitehall?

(Sir) Horace Cutler.
The County Hall, SE1.

Airline industries' difficulties

From Mr Irwin M. Stelzer.

Sir,—Several of your recent reports on the financial problems of the airline industry contain the unfortunate implication that those problems are the consequence of the anti-cartel position until now pursued by our government and Civil Aeronautics Board. Our firm's studies suggest that this is simply not the case.

While carriers on the North Atlantic route have certainly suffered losses, those losses seem much more to be the consequence of soaring fuel costs and recession than of competition. Consider the following:

1 Airlines operating on the North Atlantic experienced comparable losses in the "good old days" of cartelised rates. In 1974 and 1975 combined losses on the North Atlantic were \$71m, compared with \$97m in the two years ended September 30 1981—and the 1980 dollars were, of course, worth far less.

2 Pan American, *one of the big losers,* lost no more in real terms as a competitor in 1980 than it did as a cartel member in 1970—\$88m in 1980, compared with \$48m in 1970.

3 "The biggest chunk" of Pan American's \$223m operating loss in the first threequarters of 1981 came from domestic operations, according to Business Week, and 80 per cent of projected 1982 losses are expected to come from domestic operations.

4 TWA did have an operating profit on its North Atlantic operations in its most recent period.

5 European airlines have lost *substantial sums on their car*telised high-fare, intra-European, Middle East and Pacific routes.

All in all, recession and fuel costs appear to be more important causes of the airlines' financial problems than is competition.

This conclusion is important for several reasons. First, the Reagan Administration, apparently more interested in protecting competitors than in extending the competitive process, seems anxious to use the airlines' problems as an excuse *to retreat from reliance on mar*ket forces not only in this industry, but in international ocean and domestic surface transport as well. Second, if losses can be used to justify recartelisation of international aviation, the temptation to adopt a similar "solution" to the problems of the auto, farm equipment and other troubled industries will be enormous. So let's lay to rest the notion that competition is a culprit, to be shackled in an effort to restore profitability.

Irwin M. Stelzer, President,
National Economic Research Associates, Inc.
Five World Trade Center, New York, 10048.

Social science research

From the Director, The Institute for Fiscal Studies

Sir,—Your editorial (January 15) broadly supports the application of the customer/contracts principle to social science research. If that means that applied research should be required to demonstrate its usefulness, then that is clearly right; if it is interpreted to mean that policy-orientated research should be commissioned by policy makers it is dangerous.

The Ministry of Agriculture does not measure the costs to *the* UK economy of the Common Agricultural Policy. The Minister has told Parliament that the cost of supplying this information would be disproportionate; although most people would think it worth spending *thousands* to monitor an expenditure measured in billions. As the Minister's reaction when this Institute produced estimates of the cost of the policy made clear, the reason the Department does not supply these figures is not because they are expensive to produce. It is *because it thinks they are* embarrassing. Not only will the Ministry not sponsor such research; it will not even help those who undertake it at their own expense.

There are other examples, although there are also cases where government departments have published material which might give ammunition to critics of current policies. But to rely on this as a basis for the information which is needed to criticise and reassess existing policies is impossible. For these *reasons,* the bulk of the resources for effective policy orientated research has to be raised from private rather than government sources.

J. A. Kay.
1-2, Castle Lane, SW1.

Aslef's reasons for the rail dispute

From the chairman, British Railways Board.

Sir,—The issues in the Aslef dispute have been widely and fairly reported in your columns, but I shall be grateful for the opportunity to reply briefly to allegations made in a letter you published yesterday (January 20) *from the General Secretary* of Aslef.

It really is standing the truth on its head to suggest that varying the eight-hour day is against the letter and spirit of the ACAS undertandings. Paragraph C of the Understanding on Productivity says: "Negotiations shall take place to establish variations to the rostering *arrangements with a view to in*troducing some flexibility around the eight-hour day, but without producing unreasonable variation in the length of each working day or week. These discus*sions shall be concluded by* October 31, 1981."

Ray Buckton's telephone call to the board on August 24 indicated the hard work he faced in delivering his side of the bargain, but if Aslef had no intention of honouring this commitment, why did its general secretary put his signature to the document on August 20, and why did Aslef continue to negotiate on the issue for some three months before finally saying on November 30 that they were not prepared to accept any relinquishment of the eight-hour day agreement?

(Sir) Peter Parker.
Euston Square, PO Box 100, NW1.

UK COMPANY NEWS

Tate & Lyle over £36m with better profits mix

FURTHER RECOVERY from the setback of two years earlier, was achieved by Tate and Lyle in the year to September 26 1981. Pre-tax profit moved ahead from £30.7m to £36.3m on turnover £768m higher at £2.19bn.

Lord Jellicoe, the chairman, in welcoming a return to "an improved quality of earnings and a more acceptable level of profit," says that a stronger group is emerging from the drastic rationalisation policy of recent years.

Against a more favourable background, including dividend cover on a current cost basis, the net total dividend is being stepped up 1p to 11.5p by a final of 7.5p.

Stated earnings per £1 share improved to 37.2p (31.3p) basic, or 36.7p (31p) fully diluted, after tax of £13.2m (£10.4m). The attributable surplus was £23m (loss £15.4m) after extraordinary items.

The chairman says that the most striking element of the group's performance in 1981 was that the mix of profits was better balanced. Its less cyclical business of manufacturing, storage and distribution, both at home and abroad, showed, on the whole, marked improvement, particularly in sugar refining operations in the UK and the U.S.

Total cane sugar production and refining produced a jump in trading profit from £17.4m to £24.5m on sales of £632.5m (£554m). Bulk liquid storage edged up to £3m (£2.9m) on £8.8m (£9.5m) turnover and warehousing, packaging and distribution turned in £2.2m, against £0.9m, on turnover of £55.1m (£48.7m).

Though the agribusiness remained in loss the deficit was much reduced at £0.2m (£7.6m) on sales of £38m (£29.4m) and the loss on cereal sweeteners and starches was cut from £1.2m to £0.6m on turnover of £43.9m (£38.4m).

On the other hand, a significant movement in the sugar market created difficulties for both buyers and sellers. Profit from commodity trading worldwide emerged sharply down from £16.8m to £9.6m on £1.15bn (£485.3m) turnover.

United Molasses did not repeat its record of 1980 and was faced with difficult selling conditions. Overall profits from molasses trading, storage and distribution fell from £15m to £10.6m on turnover of £246.9m (£222.4m).

Other activities to show a decline were shipping which, in a depressed freight market, turned in £0.2m, against £2.4m, on turnover down from £4.7m to £0.1m, and malting in the UK slipped from £2.3m to £2m on sales of £18.4m (£19.6m).

Elsewhere insurance interests contributed £1.1m (£0.8m) and other activities £2.3m (£2.2m) on sales of £63.3m (£38.9m).

The outcome of these movements was an advance in total trading profit from £48.7m to £54.7m before costs of £8.2m (£6.5m) related to research and development, speciality chemicals and central expenses.

The share of associates losses rose to £2.4m (£0.2m).

Despite additional rationalisation payments and keeping capital spending at a high level of £28m, borrowings net of cash were only £5.5m up at £80m. This in part reflected asset sales, including the sales of the group's three Empress ships earlier in the year.

Total borrowings at year-end stood at £177.1m (£131.8m) compared with shareholders' funds of £215.9m (£185.6m).

On a current cost basis group taxable profit is shown at £24.7m compared with a previous year's figures of £14.9m (adjusted for the change in value of the £), or £13.2m unadjusted.

Commenting on the impact of EEC sugar beet policies on the group, Lord Jellicoe says the price in closed refineries, lost jobs and written-off assets has been very high and very painful. However, with the closure in April of the group's Liverpool refinery the supply of refined sugar in the UK has been brought into much better balance with demand.

After nearly a decade of contraction and uncertainty the board has renewed confidence in the future of cane sugar refining in the UK. "Provided Tate and Lyle Refineries is efficient, productive and cost-effective, we believe that it will compete and operate successfully at its present production capacity," he says.

See Lex

Smith St Aubyn loses £20m

BY WILLIAM HALL, BANKING CORROESPONDENT

Smith St Aubyn, the fast-growing discount house which has run into financial difficulties, lost £20m on its gilt-edged operations between April and the end of last year.

The extent of the losses is £5m higher than earlier City estimates and is contained in the rights issue document being sent to shareholders.

Smith St Aubyn announced a one-for-one rights issue to raise £2.7m earlier this month. It said that its losses in the gilt edged market had extinguished both its published and inner reserves.

The document shows that Smith made a loss in the nine months to December 31 1981 of some £14m after release of deferred taxation of some £6m. Although there was some loss of share capital, the consolidated net assets were substantially more than one half of the amount of the called up share capital of the company.

The company says that between April 1976 and April 1981 its shareholders' funds (including inner reserves) increased by 160 per cent. "Growth of this order was only achieved as a result of the company taking a clear view of the likely course of interest rates and managing its portfolio accordingly. In pursuance of this policy losses were incurred which stemmed entirely from what proved to be a wrong assessment of the movement of short-term interest rates."

Substantial tax losses are now available to set off against future profits of the discount business.

The Smith St Aubyn board and its financial advisers, Robert Fleming, "consider that the proposed rights issue is in the best interests of the company and is essential to its future."

An extraordinary general meeting will be held on February 5 at Winchester House, EC2, to vote on a resolution increasing the authorised share capital from £5.35m to £7.02m by the creation of 6.68m ordinary shares for the purposes of the rights issue. Another resolution authorises the directors to allot new ordinary shares in compliance with section 14 of the Companies Act 1980.

As part of the arrangements under which the rights issue was underwritten, Robert Fleming was appointed financial adviser to the company for three years from January 1 at a fee of £25,000 per annum. It is understood that new appointments may be made to strengthen the Smith St Aubyn board.

Stock Conversion sees record

PRE-TAX revenue of Stock Conversion and Investment Trust dipped from £5.81m to £5.75m for the six months to September 30 1981. A jump in the share of associate's profits to £1.37m, compared with £884,000, was offset by a fall from £752,000 to £19,000 from dealing. However net interim dividend is being held at 1.75p.

Stated half-time earnings per 25p share were up at 5.33p (5.15p) with tax charge taken before stock relief credit. After this credit, amounting to £1.76m (£3.01m) tax is shown at £2.96m (£1.36m) leaving the after-tax revenue sharply down from £4.46m to £2.79m.

The directors say that further dealing profits have already been realised since halftime and it is expected that pre-tax revenue for the year should exceed the record £10.99m reported for 1980/81, when a total of 4p was distributed.

Revenue for the six months was down from £5.85m to £5.04m before minorities of £663,000 (£919,000), which included £242,000 (£372,000) relating to Finsbury Pavement House which has since become wholly owned.

The group's interest include property investment, development and dealing and insurance broking.

Shaw and Marvin cuts losses

THE TAXABLE losses of Shaw and Marvin have been reduced by more than half from £76,149 to £29,985 for the six months ended September 30 1981. Turnover is down to £744,514, compared to £869,343 previously.

The directors say trading conditions continue to prove difficult. They are, however, optimistic for the future as reorganisation and restructuring of the group is continuing.

Again no interim dividend was paid—the last payment was 0.35p net per 10p share for 1979. There is again no tax charge.

The board of this merceriser, dyer and knitwear manufacturer has been strengthened, the directors say, by the appointments of Mr G. S. Pearson and Mr D. A. Johnson. Having catalysed the reorganisation programme, Mr S. A. Forsyth and Mr J. R. Sharp have stepped down from the board in favour of the new appointments.

THF drops to £52.3m after higher interest

FULL YEAR results of Trusthouse Forte, the hotels, catering and leisure group, have inevitably been affected by the current economic climate worldwide and its effect on tourism and consumer expenditure.

Reflecting higher depreciation and finance charges, pre-tax profits for the 52 weeks ended October 31, 1981 fell to £52.3m, compared with £66m for the previous 53 weeks period. This follows a drop in first-half pre-tax figures from £19.3m to £14m.

Trading receipts, however, for the 52 weeks climbed to £833.1m, against £772.4m, while in line with indications given in September at the time of the rights issue, trading profits, at £104.9m, were not materially different from the previous year's £101m.

These profits were struck before depreciation of £25.8m (£19m) and interest charges of £26.8m (£16m). Interest rose mainly because of spending on expansion and included over £2m on the group's Savoy investment. *This is likely to be around £5m in the current year.*

On capital increased by the rights, the final dividend is 4.5p net per share—the same as last time when adjusted for the one-for-two scrip in April. This means the total payment is effectively unchanged at 6p.

With tax charge well down at £5.2m, compared with £16.3m, earnings per 25p share were 16.1p (15.5p) on a nil distribution basis and 13.9p (15.5p) net. After minorities of £2.9m (£3m) and extraordinary debits of £1.6m this time, the net available surplus showed a decrease of £5.1m to £42.6m.

Ordinary and trust dividends absorb £22.2m (£18.7m), leaving a retained balance of £20.4m, against £28m.

On the group's hotels side, UK profits declined from £43.9m to £34.1m, although the U.S. performance improved from £9.9m to £10.3m and the contribution from Europe and elsewhere was little changed at £7.7m (£7.8m).

UK catering profits improved from £16.5m to £17.3m, but losses in the U.S. were £0.6m higher at £1.9m. The leisure division's contribution, however, rose sharply from £4m to £8.9m and profits from miscellaneous activities were ahead at £5.4m, against £3.9m.

The group has continued its policy of having professional revaluations every year in respect of a portion of its land and buildings and as a result of the 1981 revaluation, fixed assets increased by £21m at October 31 1981. The valuations were all made on an open market existing use basis.

During the year £112m was spent on further additions and improvements to group assets and investments. This was in addition to continued substantial expenditure on maintenance and repairs.

Net value of shareholders' investment at October 31 1981 was £544m (£403m), while loan capital at balance sheet date was £203m (£188m).

The board says the balance sheet is very strong—with the ratio of loan capital to shareholders' investment at 0.4:1 and group trading assets in good condition. With its capital investment programme — exceeding £200m in the last two years — and the strength of its management team, the board looks to the future with confidence.

In current cost terms, pre-tax profits were down from £54.2m to £40.1m.

Sir Charles Forte, the chairman, said that although there had not been much change in trading conditions in the current year, there were signs of improvement in November and December, and the first few weeks of January "have shown promise."

See Lex

Mid Kent Water £6m offer

The Mid Kent Water Company is offering for sale by tender £6m of 9½ per cent redeemable preference stock.

At the minimum tender price of £97.50, the conventional gross redemption yield would be 14.27 per cent or 20.81 per cent for those liable for corporation tax.

The stock is redeemable at par on February 27, 1987. It is denominated in multiples of £100 and applications accompanied by a deposit of £10 per cent, must be received before 11 am on January 28.

The first dividend, amounting to £0.958 per cent net, will be payble on April 1, 1982 and dividends will be paid thereafter half yearly.

Brokers to the offer are Seymour, Pierce.

● **comment**

The Mid Kent Water issue appears as the gilt market, having had a good week, looks like brightening further. If it does, the 13.9 per cent flat yield at the minimum tender price would become very attractive by next Thursday. The last water issue, by Essex Water Company, is quoted at £104 where the flat yield is 13.73 per cent. Unless the gilt market suffers another setback, tenders at a point to a point and a half may be required to get some Mid Kent.

J. Austin plunges: interim held

AS INDICATED by Mr Ronald Hooker, the chairman of James Austin Steel Holdings, in his statement for 1980-81 the group has suffered from the world recession and although volume of business was little changed in the first half of the current year, extremely competitive conditions squeezed margins and resulted in reduced profits.

For the six months ended September 30 1981 group pre-tax plunged to £106,748, less than a quarter of the £431,862 achieved for the corresponding period a year earlier.

For the second half of the year, the chairman repeats his statement that the recession has not gone away and that until there is a marked upturn in the economic activity in the U.S. world trade will be slow to recover.

However, he adds that there has been some sign of improvement in the past few months in the UK markets and that if this continues "it is certain the group's trade will benefit"—it operates as a steel stockholder.

For this reason the net interim is being maintained at 1.67p per 25p share—a final of 3p was paid for 1980-81 from full year taxable profits of £654,508 (£882,302).

First half turnover was marginally lower at £7.75m (£7.77m) but group trading profits declined sharply from £336,745 to £69,976.

The pre-tax surplus was struck after interest receiveable of £36,772 (£95,117). Tax took much less at £10,757 (£215,00) after which profit attributable to ordinary shreholders emerged at £95,991, compared with £216,862.

The chairman says the group's financial position is still strong and that it will continue to receive a "useful contribution" from interest on bank deposits.

● **comment**

At least James Austin is well equipped for hibernation. The company has had a rough time in structural engineering — eventually deciding to cut back to about half-strength, with heavy redundancies to be taken at the end of the year. Moreover, the recently acquired West Valley Steels is still being digested, and has failed — in exceedingly depressed conditions — to pay its way so far. In each case, Austin expects things to improve hereafter, as economies have time to bite. In Austin's Structural Engineers, capacity has been preserved; the range of work undertaken can easily be expanded if the climate becomes more favourable. Austin's main stockholding business has trickled along comparatively well, aided by an increased merchanting turnover (mostly in continental Europe). In anticipation of the EEC price increases, there has been some slight accumulation of stock, but on a modest scale; the cash nest egg which came from last year's destocking is still there to underwrite the dividend. Down 3p at 65p, the shares yield an historic 10.5 per cent.

Cornell still in the red

IN ITS first results since becoming a subsidiary of Polly Peck in January 1981, Cornell Dresses reports decreased taxable losses of £20,496, against £53,126, for the six months ended June 30 1981. Turnover, however, was down from £932,401 to £727,599.

The directors say a programme to rationalise production is almost complete. They say an announcement regarding diversification outside the textile industry will be made in the near future.

This follows their statement in October last year that a feasibility study was in progress in Northern Cyprus with a view to the company entering the poultry industry.

There is again no interim dividend—the last payment was 0.8p net per 5p share for 1979. Attributable losses decreased from £53,126 to £35,046 after an extraordinary debit of £14,550 (nil). Stated loss per share was 0.68p compared with 1.77p previously.

Anglia TV edges ahead to £4.7m and pays 1p more

TAXABLE PROFITS of Anglia Television Group edged ahead from £4.66m to £4.71m for the year to October 31 1981 on turnover higher at £37.49m, compared with £32.69m.

The profit was struck after Exchequer levy of £1.8m, against £3.36m, and included a share of profits of associates of £798,000 (£452,000). Depreciation took £2.08m (£1.14m).

The directors describe the results as satisfactory, pointing out that the previous years' *figures were inflated following* the ITV strike in 1979. They attribute the advance in profits to buoyant advertising sales in the first quarter, increased programme sales overseas and greater contributions from associates.

The final dividend is being stepped up from 3p to 3.8p which raises the net total to 6p, compared with 5p. Stated earnings per 25p share, however, declined from 28.01p to 20.54p.

Tax for the year was higher at £1.88m (£859,000), mainly because of a reduction in the benefit of capital allowances for expenditure on fixed assets and programmes.

● **comment**

Last year's record profits from Anglia were widely attributed to the rush in advertising revenues after the 1979 strike. This year's new record, with a 38 per cent improvement in the second half is, however, largely due to an increase in overseas sales, reflected in the 46 per cent drop in Exchequer levy. The old warhorse Survival, and Tales Of The Unexpected continue to do the running. Further benefits are expected from the U.S. cable TV boom and the sharing of overheads with Yorkshire TV in the newly formed joint company International TV enterprises. Anglia claims increased market share in advertising revenues, which are up by about 15 per cent, though the start-up of Breakfast TV in May 1983 should lead to more competitive pricing. Subscription costs for the 4th Channel, less worrying now that the IBA has decided to meet half the costs by borrowing, will in the short term outweigh increases in revenue. Anglia claims that in the long run increased programming opportunities make the 4th Channel a plus factor. The share price reached a new all time high of 115p in front of the figures. Yesterday, with the final dividend hiked up by over a quarter, the price rose 3p to 118p yielding 7.5 per cent with a fully taxed p/e of 6.3.

Lord Kissin will continue to support Guinness Peat

LORD KISSIN, the founder and life president of the Guinness Peat Group, has dropped plans for a partial bid for Guinness Peat.

Mr Alastair Morton, who was appointed chief executive of Guinness Peat earlier this *month, announced yesterday* that his discussions with Lord Kissin have brought about "a complete understanding" of Lord Kissin's future support for the group and for himself as chief executive.

Mr Morton's first task on succeeding Mr Edmund Dell, the former Labour Cabinet minister, as chief executive, was to settle Lord Kissin's future relationship with the group.

Lord Kissin, who stepped down from the main board in 1979, had become increasingly disillusioned with the way his successor, Mr Dell, was running the group, and the long-running boardroom fued was damaging the company's credibility.

Under the new arrangements, Lord Kissin will continue to serve as a non-executive director of Guinness Mahon and Company, and its Singapore subsidiary and of Lewis and Peat Inc in the U.S. It is also understood that there has been some alteration to his consultancy agreement with the group and he will now concentrate on assisting the group "in the development of international new business."

Mr Morton said yesterday that the Stock Exchange had been advised with Lord Kissin's concurrence that no partial bid is now expected.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Albion	Nil	—	Nil	Nil	0.6
Anglia Television	3.8	May 5	3	6	5
James Austin ......int.	1.67	April 6	1.67	—	4.67
Bootham Engineers	6	—	6	6	11.5
City Offices ......2nd int.	2	April 8	1.8	3.3	3.1
Feedback ......int.	1	Feb 24	—	‡	—
A. and J. Gelfer ......int.	1.7	April 12	1.6	—	3.9
Gestetner	1.38	April 2	2.75	2.63	5.25
Lookers	2.45	April 30	2.45	3.85	3.85
Midland Trust ......int.	2.45	Mar 1	2.45	—	6.3
New Wits Gold ......int.	18§	Mar 10	18	—	46
Property Security ...int.	0.5†	April 1	0.4*	—	1.44*
Stock Conversion ...int.	1.75	Mar 29	1.75	—	4
Trusthouse Forte	4.5†	April 7	4.5*	6	6*
Vogels	11§	Mar 10	11	16	16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total forecast of 2p. § South African cents throughout.

Dividend setback after Gestetner dives by £9m

WITH REDUNDANCY and related rationalisation costs climbing from £526,000 to £1.8m, Gestetner Holdings reports a severe fall in pre-tax profits. After falling from a restated £10.01m to £4.38m at the interim stage, the figure for the 52 weeks to October 31 1981 plunged from £15.94m to £6.2m.

Mr David and Mr Jonathan Gestetner, the joint chairmen, say the results reflect a loss of £3m from machine manufacturing at Tottenham, London, and losses of £3.5m in European sales organisations. The Americans were lower due largely to losses on foreign exchange, while profits elsewhere in the world were maintained.

Turnover was £297.81m compared with £280.19m. On the basis of consistent exchange rates, the figure was 11 per cent higher. Of the 1981 turnover, 46 per cent is represented by stencil products, 20 per cent by offset products, 18 per cent by copier products, and 16 per cent by other products and services.

The final dividend is cut from 2.75p to 1.375p for a total halved to 2.625p compared with 5.25p.

The chairmen say action has been, and continues to be, taken to improve levels of productivity in the Totenham machine manufacturing divisoin, while all sales subsidiaries have reviewed expenditure levels are currently examining their methods of operation.

These, together with the effect of subsidiaries' trading of the lower value of the pound, and the availability of new ranges of machines in all fields, leads them to believe that hte group can look forward to some recovery in 1982 in its existing fields.

They add, however, that hte board remains fully committed to the pursuit of further available opportunities in the electronic office systems market.

Interest charges for the year were up from £5.12m to £5.38m. Tax was £5.47m against £7.73m, of which the UK provided £1.55m, less double relief of £2.2m, and ACT written off amounting to £1.51m. Overseas tax was £4.46m. The chairmen point out that the high tax charge arises principally from losse incurred by certain overseas subsidiaries for which tax relief is not immediately available.

After extraordinary debits of £2.4m (nil) the amount written off for investment in an associated company, and dividends of £1.26m (£2.49m), there was a retained loss of £2.92m, compared with profits of £5.71m. Stated earnings per 25p share fell from 17.23p to 1.53p basic, and from 13.21p to 1.92p fully diluted.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Aerospace Engineering, W. G. Allen (Tipton), Astra Industrial, Atlantic Assets Trust, British Electric Traction, Louis Newmark.

Finals: Associated Paper, Derby Trust, Glass Glover, Greenfriar Investment, Leds Investment Trust, Y. J. Lovell, R. Smallshaw (Knitwear), South African Land and Exploration, Southvaal, Vaal Reefs Exploration and Mining, Western Deep Levels, Whatlings.

FUTURE DATES

Interims—

Cowan, de Groot	Feb 2
Stonehill	Feb 4
Vibroplant	Jan 29

Final—

Vantage Securities	Jan 26

Bootham pays final after profitable second half

A RETURN to a small profit in the second half enabled Bootham Engineers to finish the year to October 31 1981, showing a pre-tax trading loss of £54,023, before a gain on a sale of property, compared with a profit of £415,038. With tax credits the attributable earnings reached £242,223.

Mr John Rymer, chairman of this York-based specialised engineer and garage proprietor, is confident the recovery will continue but he looks to 1983 before the company reaches the levels seen before 1981. Meanwhile, having passed the interim payment, a maintained final of 6p is being paid. Last time a total of 11.5p was distributed.

Turnover for the year fell from £7.88m to £7.37m and Mr Rymer states that demand for the company's services has been affected by problems faced in many industrial sectors over the last 18 months, particularly in the specialist steel fabrication market.

But there was a steady improvement in demand after the middle of 1981 and significantly better results are expected for the current half year. For this reason the company is proceeding with some further selective capital expenditure at units in the Midlands and Scotland, Mr Rymer expiains.

Encouraging signs of expansion are being detected in the oil related and light industrial consumer markets, and a new development into specialised plant for handling industrial and urban refuse promises to become a significant contributor to group profits over the next two years, he says.

There were substantial losses in the second half at Bootham Materials Handling, which is engaged in process plant and specialist steel fabrication. A factory at Pinxton had to be closed and redundancies made at Worksop. But now the promising urban refuse handling project is in progress.

Elsewhere in the group, recovery was reported and at Weedon and Stirling facilities are being expanded.

AT & T London listing

American Telephone and Telegraph Company, which earlier this month agreed to hive off its local Bell telephone companies in the U.S., is restoring its quotation on the London Stock Exchange after a 41 year absence.

Miss Virginia Dwyer, an AT and T vice-president, said the company decided to restore the listing after noticing that 5 per cent of its $941m equity offering last year was taken up by investors outside the U.S., mainly in Europe.

The increasing capacity of eurobond markets has also attracted the attention of AT and T, which raised $6.7bn in new capital last year. "We have been looking at that for the past year," Miss Dwyer said, but declined to predict when or if the company would make an issue.

She said that as a result of the divestiture programme, which is to be completed in 18 months, AT and T will become more active in marketing its products and technology around the world.

AT and T had net income of $6.1bn or $8.19 per share in 1980 on revenues of $50.8bn. Return on average total capital was 9.9 per cent. The shares have traded between $61.25 and $48.75 in 1981-82 and were at $58.50 this week.

TRING HALL

Some figures in the table of prices of shares sponsored by Tring Hall Securities in yesterday's editions were incorrect.

Intervision, formerly John Baker (Insulation), was issued at an effective price of 14.2p and is currently 32p; Willaire, formerly Lontrim, was issued at an effective 15.93p and is now 15p; Heelamat was issued at an effective 83p and is now 107p.

McMullen ahead at year end

INCLUDING A surplus of £479,000 from the sale of investments, compared with £250,000, full year taxable profits of McMullen and Sons, brewer, wine and spirit merchant and soft drinks manufacturer, advanced from £2.08m to £2.8m.

Turnover for the period, to October 26 1981 was also higher rising from £15.2m to £16.85m.

Stated earnings per 25p share improved to 34.91p (31.22p) but a final dividend of 1.815p to be paid on March 2, maintains the total at 3.63p.

Tax took £1.47m (£262,000) but there was a deferred tax credit of £30,000 (£799,000 debit). After a credit of £146,000 for stock relief no longer required (nil) and extraordinary cedits of £242,000 (£339,000) the attributable surplus emerged at £1.74m, against £1.38m.

The sale of investments was in preparation for expenditure of modernising the brewhouse.

The ordinary capital of the company, which has close status, is not quoted. At midyear its taxable profits were £250,000 ahead at £1.25m.

Midland Trust lower at interim stage

Pre-tax profits of the Midland Trust, investment trust, were down from £215,830 to £173,456 in the six months to December 31 1981. Gross income was lower at £184,273 compared with £224,467.

The interim dividend is unchanged at 2.45p—last year's total was 6.3p from pre-tax profits of £410,128 (£438,250).

The first half pre-tax figure was struck after expenses of £10,817 (£8,637). Tax was £52,037 (£64,749), leaving net profits down at £121,419 (£151,081). Stated earnings per 25p share were 2.87p (3.58p), and net asset value per share improved from 117.5p to 127.5p.

SECURITY CENTRES

At an EGM of Security Centres Holdings, security services group, Mr T. S. Jamieson, chairman, expressed confidence about the company's performance in the current year and announced two acquisitions in pursuance of its policy of increasing the density of operations in England.

The new articles of association were adopted unanimously.

The group has acquired Bower and Scully (Security Systems) of Bradford and the rental contracts of King Burglar Alarm Systems of Orpington, Kent.

Property Sec. Investment advances

Taxable profits of property investment and dealing group, Property Security Investment Trust, have jumped from £176,000 to £528,000 for the half year to September 30 1981. Gross income rose from £2.34m to £2.71m.

The interim dividend is effectively lifted from an adjusted 0.4p to 0.5p net per 50p share and a final of 1.3p (adjusted 1.04p) is forecast.

There is again no tax charge. Interest charges increased from £1.86m to £2.06m.

Gelfer lower in first half but pays more

Turnover of A. and J. Gelfer, the men's tie and headwear maker, fell marginally from £2.39m to £2.34m for the half-year to September 30 1981 and pre-tax profits were lower at £361,698, compared with £379,863.

After tax of £151,000 (£162,100) the net balance was £210,698, against £217,763. Stated earnings per 20p share were 3.37p 3.48p) and the interim dividend is being stepped up from 1.6p to 1.7p net—last year's total was 3.9p on £842,611 taxable profits.

First quarter lift at Leeds & District

First-quarter profits at Leeds and District Dyers and Finishers were a little higher than last year and order levels were improved in several areas, Mr R. D. Wade, the managing director, told the annual meeting.

The company had maintained its strong financial position, he added.

During the next month the directors expected to sign a contract to drill for gas in a well-proven field in West Virginia, U.S.

"Our initial investment of $1m should produce revenue by the end of this financial year and we expect to make a further similar investment," he told members.

Yearlings total £15m

Yearling bonds totalling £15.25m at 15¼ per cent redeemable on January 26 1983 have been issued this week by the following local authorities.

Nottingham (City of) £1m; Dunfermline DC £0.5m; Blaenau Gwent (Borough of) £0.25m; Durham (City of) £0.25m; East Yorkshire BC £0.5m; Inverness DC £0.25m; Kennet DC £0.25m; Midlothian DC £0.25m; Scunthorpe (Borough of) £0.5m; Ynys Mons Isle of Anglesey BC £0.25m; Greater London Council £2.5m; Chesterfield (Borough of) £0.25m; Dundee (City of) DC £0.5m; Sandwell (Metropolitan Borough of) £1m; West Wiltshire DC £0.5m; Ealing (London Borough of) £1m; Derwentside DC £0.5m; Kingston Upon Hull (City of) £1m; Aberdeen (City of) DC £1m; Erewash (Borough of) £0.5m; Forest Heath DC £0.5m; Greater Manchester Passenger Transport Executive £0.5m; Greenwich (London Borough of) £1m; Kirkless Metropolitan BC £0.25m; Woodspring DC £0.25m.

WEARWELL

Wearwell's £5.2m rights issue has been taken up as to 93.89 per cent.

SPAIN

January 20	Price %	+ or −
Banco Bilbao	350	
Banco Central	339	+3
Banco Exterior	320	+4
Banco Hispano	337	+4
Banco Ind. Cat.	115	
Banco Santander	364	−2
Banco Urquijo	219	
Banco Vizcaya	395	+8
Banco Zaragoza	233	−6
Dragados	154	+7
Espanola Zinc	60	
Fecsa	61.5	
Gal. Preciados	45	+2
Hidrola	67	+0.3
Iberduero	53	−1
Petroleos	100	+4.5
Petroliber	99	
Sogefisa	36	
Telefonica	71	
Union Elect.	66.5	−0.2

Lookers over £1m despite 'intense competition'

DESPITE A period of intense competition and the economical climate, Mr R. E. Tongue, the chairman of Lookers, describes the year's results as "satisfactory." Pre-tax profits of this motor vehicle distributor and engineer rose from £936,811 to £1.05m for the year to September 30 1981.

Turnover rose from £69.64m to £72.01m. The final dividend is unchanged at 2.45p for a same-again total of 3.85p.

Mr Tongue says sales margins have remained low, but service and parts departments have performed well, as have the Platt's agricultural machinery depots and the car delivery operations.

The commercial vehicle depot in Leeds has been closed, and the costs of closure has been included in extraordinary items, which amount to £112,003 compared with £33,640.

Tax for the year was considerably lower at £121,981 compared with £312,023. This reduction was as a result of stock appreciation relief. Attributable profits, after extraordinary items, improved from £91,148 to £314,644.

Stated earnings per 25p share jumped from 1.7p to 12.5p before extraordinary items, and from 1.2p to 11p after.

● comment

A year ago, Lookers did better than many motor distributors simply by remaining profitable, though earnings were halved. This time, a marginal increase in profits may not seem like such an exceptional performance when others are swinging rapidly out of the red. But the market took a favourable view, pushing the shares up 6p to 56p. They continue to yield over 10 per cent, selling at just under eight times historic fully-taxed earnings, such a price does not assume much in the way of improvement in the current year. As it is, stocks have begun to increase again, after running at lower levels during the year; so interest costs may do likewise. But while margins on new cars sales have fallen, service and parts have remained a characteristic strength of the Lookers business, and agricultural equipment seems to be doing rather better. If the outlook is unclear, the record is comfortingly solid.

Associate boosts Wm. Dawson

A SHARP advance in profits is reported by Wil mailDasown — reported by William Dawson (Holdings) for the year to September 30 1981, the pre-tax figure emerging at £1.59m, compared with £684,000.

At the attributable level profits came through at £949,000, against £106,000, after exceptional debits last time of £203,000 and tax.

Stated earnings per 10p share soared from 2.97p to 26.58p and a final dividend of 2.3p hoists the total from 0.75p to 3.5p.

Turnover of this unlisted group, whose interests include book publishing and specialist journals, improved over the year from £18.08m to £20.26m.

Commenting on the results the directors say both the associate company, Surridge Dawson, and the French subsidiary achieved record profits and that the UK operations also contributed a profit.

They add that the after-tax surplus was exceptionally high in relation to the pre-tax figure as a result of some unusual tax factors.

The increase in dividend was "judged to be fully justifiable" in the light of the results and although the directors say the rate of dividend cover has risen again, they point out that regard must be paid to the sustainable level of consolidated after-tax profits.

They also consider that in the face of continuing high interest rates the substantial seasonal borrowing requirement of the UK company must be progressively reduced by retention of a modest portion of the company's actual net cash income.

"Excellent results" are again expected from the group's associate and its French subsidiary. However, the directors say William Dawson and Sons faces another tough year and will remain under considerable pressure until the current programme of investment in technical and marketing facilities begins to make a "positive contribution."

SHARE STAKES

BPC — Robert Maxwell, chairman and chief executive, purchased 100,000 ordinary shares on January 14 making holding 817,643.

Bodycote International — J. Chesworth, director, has purchased 10,000 ordinary shares at average price of 57½p. These constitute the whole of Mr Chesworth's holding.

External Investment Trust — D. L. T. Oppe, director on December 3 sold 5,000 ordinary shares.

Magnet and Southerns — On January 13 P. T. Duxbury in the capacity of trustee ceased to have a non-beneficial interest in 30,000 ordinary shares, which were sold for 132p per share.

Charles Hurst — T. B. F. Thompson and associates have purchased 17,000 ordinary shares increasing the Thompson interests holding to 500,794 (23.17 per cent).

Stockholders Investment Trust — W. J. R. Govett, director, has disposed of 100,000 shares at 137½p leaving beneficial holdings 327,733 shares (0.82 per cent). Beneficial ownership is derived through trustees of W. J. R. Govett U.S. Trust.

Eurotherm International — P. T. Bellamy, director, on October 16 sold 7,000 ordinary shares leaving holding 72,510 (0.63 per cent).

Blue Bird Confectionery Holdings — Edward Nassar acquired between November 6 and November 23 52,500 shares. They were purchased by Pioneer International Trust in which Mr Nassar has a beneficial interest.

Greencoat Properties — E. T. Razzall, chairman, has acquired 60,000 ordinary shares at 15p.

Waring and Gillow — A. Reuben, director, sold 9,000 ordinary shares at 109p per share on January 14.

M. P. Kent — Spouse of M. R. Davies, director, has disposed of 16,000 shares at 67p leaving holding 1m (2.33 per cent).

Rightwise — Consequent upon recent purchase, Crosby House Group and subsidiaries are interested in 916,820 ordinary shares (64.2 per cent).

Norton and Wright Group — Scottish American Investment has purchased 17,000 ordinary shares increasing holding to 442,000 (7.9 per cent).

Headlam, Sims and Coggins — Hill Samuel Beech Street Trust holds 288,000 ordinary shares (7.05 per cent).

Brooke Bond Liebig—Sir John Cuckney has purchased 10,000 ordinary and director Mr H. F. Somerville has acquired 6,070 ordinary.

Albion loss rises to £0.8m

LARGELY attributable to the closure of J. B. Hoyle and Co., men's outerwear manufacturer Albion dropped deeper into the red, from £161,304 to £786,514 pre-tax, for the year ended September 30 1981, despite a slightly reduced second half deficit of £281,514, against £315,304.

And the final dividend has been omitted, as was the interim, compared with a 0.6p interim payment last time.

The Hoyle closure was completed at the end of the 12-month period, since when additional steps have been taken to streamline the group and cut out further non-profitable areas.

The directors feel sure that these steps will halt the decline in the company's fortunes and are confident there will be a marked improvement in performance during the current year.

During the 1980-81 period, in which group turnover fell from £14.15m to £11.25m, Albion carried out a programme of closures of some uneconomic units and reduced overheads to a minimum.

After a tax credit of £200,326 (£627,402), minority credits £39,806 (£18,999 debits), and an extraordinary debit amounting to £22,810, compared with a £50,828 credit, the attributable loss came through at £569,192, against a £497,927 profit.

Loss per 20p share is given as 14.6p, against 11.9p earnings.

Setback for Group Investors

For the half year to end-December 1981 gross revenue of Group Investors, investment trust, improved from £276,895 to £293,329 but net income emerged lower at £108,818, compared with £122,432, after tax of £63,701, against £77,964, and other costs.

Stated earnings per 25p share for the half year were lower at 1.57p (1.77p) but as already announced the net interim dividend is held at 1.1p—last year's final was 2p. Net asset value declined from 139.6p to 131.7p at half-time.

BENSON/WASSALL

The Benson Shoe offer for J. W. Wassall, already unconditional, will close on February 2.

Benson has received acceptances in respect of 657,418 ordinary (62 per cent), 499,211 deferred ordinary (99.8 per cent) and 25,000 preference shares (50 per cent).

Dawn raid gets 13.75% of Ldn. & Provincial Trust

Investment Intelligence, a privately-held investment management company, launched a dawn raid on London and Provincial Trust yesterday and collected 13.75 per cent of the shares. The move comes in the midst of plans by Robert Fleming to merge London and Provincial and London and Montrose, two of the investment trusts which it manages.

According to Robert Fleming, Investment Intelligence picked up most of the shares at 160p, on a 20 per cent discount to the *net asset value of the shares.* The shares shot up 14p on the day to close at 162p, which capitalises the company at just over £50m.

Investment Intelligence manages assets of about £50m, of which about £15m are in four unit trusts. The group is more than 50 per cent owned by the Aitken English Company, an investment holding company founded by Lord Beaverbrook in the 1920s.

Mr Michael Scorey, a director, said yesterday that the group was "holding its options open" on London and *Provincial* until it meets the investment trust's board later in the week. That meeting is expected to take place on Friday.

A director at Robert Fleming said yesterday that the group had no idea about Investment Intelligence's plans. The asset value of London and Provincial is around £62m and if the merger with London and Montrose proceeds, the combined group would have assets of around £100m.

Although much of the reorganisation was intended to inject a specialisation into the investment trusts, a Fleming director said that the merged Provincial and Montrose group was planned to remain a generalised investment vehicle. *To date, London and Provincial* has not concentrated its investments in any specific sector.

An analyst from Laing and Cruickshank, the stock brokers which acted yesterday for Investment Intelligence, said that more activity is likely in this area. "Many institutions feel something has to be done. The prices of investment trusts continue to underperform," said Mr Garth Milne.

Fleming had announced its plans for reorganising its investment trusts last month, along with Touche Remnant. Together, the two groups account for roughly £1.6m of close to £9bn of net assets in the investment trust sector.

The reorganisation had been seen as a method of reducing the gap between the prices of investment trusts' shares and their net asset value per share. The present average discount in the sector is about 30 per cent.

Last month, United Newspapers made a paper bid of £10.7m for the Colonial Securities Trust Company, an investment trust managed by Drayton Montagu Portfolio Management. The move was effectively a disguised rights issue by UN, the proceeds of which will be used to invest in new areas technology.

Investment Intelligence is the *holding company for* three main subsidiaries, Intel Investment Management, Intel Financial Services and Intel Funds Management. Intel Investment, which merged in 1980 with Portfolio Management, handles private investment portfolios which have a combined value of more than £35m.

Intel Financial Services undertakes private and corporate financial planning. Intel Funds is the unit trust management subsidiary formed in 1964. The group's Smaller Companies Fund recorded an investment growth of 208.6 per cent *between 1979* and 1981, its first two years of existence. The group's Pacific Fund and American Technology Fund recorded increases of 133.6 per cent and 86 per cent respectively over the same period.

BOC in U.S. health care deal

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE BRITISH-BASED BOC *Group is purchasing a 14 per cent* stake in the U.S. company Glasrock Medical Services Corporation, specialising in home care medical equipment, which could lead to outright ownership of the company before April 1983.

BOC, through its Airco subsidiary in the U.S., is paying $14.98m (£7.97m) for a 14 per cent stake in Glasrock. The consideration is for 749,000 newly issued shares, while Airco already holds debentures convertible into 112,500 Glasrock shares.

The agreement also permits BOC to purchase up to, but not more than, an addition 400,000 Glasrock shares in the open market, or privately, while the *directors of Glasrock have also* provided BOC with the option to purchase their shares if the group decides to make an offer for the outstanding shares before April 1983.

The decision to buy into Glasrock follows a substantial invest*ment programme announced* by Airco last week, whereby it will be investing $247m (£132m) in expanding its facilities for the production of carbon graphite in the U.S and a new needle coke plant to provide the base material for carbon graphite.

Glasrock, based in Atlanta, Georgia, rents, sells, services medical equipment (mainly oxygen therapy equipment), used mostly in the home care of *patients*. The health care business has assumed growing importance for BOC, in the U.S. and elsewhere, making it the second most profitable business (after industrial gases) in 1981.

BOC is clearly testing the water as *far as the Glasrock range of equipment is concerned,* with a view to extending its presence in this type of home health care if this investment shows it to be worthwhile. BOC will put two executives on the Glasrock board of directors.

In 1981, Glasrock revenues increased by 170 per cent from $11.86m to $32.10m, and earnings after tax totalled $3.04m against $1.58m for the previous year.

Shell Chemicals buying remaining 49% of Vencel

The U.S.-based Monsanto group is to sell Shell Chemicals UK a 49 per cent stake in Vencel Resil—one of the UK's biggest manufacturers of expandable polystyrene insulating materials. Shell already has a controlling interest in Vencel.

Shell Chemicals UK last night refused to say how much it was paying Monsanto.

Vencel Resil, which employs some 250 people in the UK at sites in Kent, Yorkshire and Glasgow, is thought to have made a turnover of around £10m last year.

The company makes insulating materials for the construction industry, and uses 6,000 tonnes a year of expandable polystyrene as it raw material. The total UK market for expandable polystyrene is 20,000 tonnes a year. Vencel Resil is, therefore, an important outlet for Shell Chemicals' production of expandable polystyrene at its Carrington complex near Manchester.

Vencel was set up in 1973 as a joint venture between Monsanto and Shell. But Monsanto sold its expandable polystyrene business to BP Chemicals early in 1979 which is why it is now selling its remaining interest in Vencel to Shell.

Hanson Trust has 91.6% of Berec

Acceptances of the offers by Hanson Trust for Berec Group have been received in respect of 46,010,891 (63.61 per cent) Berec ordinary shares and 160,486 (80.24 per cent) preference. As a result, Hanson now owns or has received acceptances in respect of 61,445,018 ordinary (91.63 per cent).

The offers, including the preference offer, have been declared unconditional in all respects and have been extended until further notice.

TYZACK SONS PURCHASE

W. Tyzack Sons and Turner has agreed to acquire A. Spafford and Co of Sheffield, which manufactures and sells agricultural machinery parts and machine knives.

Consideration is £55,000 to be satisfied by £25,500 cash and the allotment of 70,000 ordinary shares at 35p per share on completion, which will take place on March 25, plus a further £5,000 cash *payable on August 1 1987.*

It is expected that the acquisition will increase the company's profitability with an anticipated increase in turnover of approximately 20 per cent in a full trading year.

Allianz stops buying Eagle Star shares

Allianz Versicherungs, the largest insurance group in West Germany, said yesterday that it was not at present buying any more shares in Eagle Star Holdings, and did not intend to buy any further shares in the company.

This official statement thus denied rumours in the market that Allianz was buying shares prior to *launching a full bid for* Eagle in the summer.

Allianz shocked the UK insurance world last June by mounting a dawn raid on Eagle and acquiring 14.9 per cent of the equity, followed by a tender offer which brought in a further 13.3 per cent bringing its holding in Eagle to 28.2 per cent.

The reason given by Allianz for this acquisition was that it wished to established a strong presence in the UK insurance market as part of its expansion plans and it sought closer cooperation between the two companies.

But Eagle, which bitterly opposed the offer, states that it has had no formal contacts with Allianz on any subject.

The market fully expects Allianz to make a full takeover bid in June once the 12-month "period of grace," required by the Takeover Panel, is completed.

The rumours reappeared on Monday that Allianz was buying up to the 30 per cent limit to give itself the maximum base from which to launch its bid and the price of Eagle's shares rose 27p in two days.

Yesterday they fell 6p to 334p on Allianz's statement.

OVER 90% ACCEPT HABITAT OFFER

Acceptances of the offers made on behalf of Habitat for the share capital of Mothercare, have now been received from the holders of over 90 per cent of the ordinary shares.

Habitat intends to apply the provisions of section 209 (1) of *the Companies Act 1948, to* acquire compulsorily any outstanding shares of Mothercare. The consent of the DoT has now been given for Habitat to change its name to Habitat Mothercare.

RTZ/WARD

Rio Tinto-Zinc (RTZ) on January 19 acquired a further 650,000 ordinary shares of Thos. W. Ward in the market and yesterday morning reported an accumulated stake in Ward of 37.31 per cent. Morgan Grenfell, advisers to RTZ's current bid for Ward, said last night that the company's broker had been buying additional Ward shares steadily through the day.

ASSOCIATE DEAL

De Zoete and Bevan on behalf of discretionary clients of Morgan Grenfell and Co. sold 536,779 Alexander Howden ordinary at 125½p on January 19.

West Rand Cons facing an uncertain future

BY KENNETH MARSTON, MINING EDITOR

A QUESTION mark hangs over the future of the veteran West Rand Consolidated mine which, having ceased uranium production, is now dependent on its low grade gold operations. The December quarterly report discloses that available gold ore reserves have now dwindled to 179,400 tonnes.

This does not mean that the old mine's ore is nearing exhaustion because South African ore reserve calculations are based on the tonnage made available for mining as opposed to the *likely size of the total deposit.* In addition, West Rand's latest figure, which compares with 637,600 tonnes a year ago—excludes some 4.1m tonnes which are not immediately accessible.

Even so, the mine milled 532,000 tonnes in the December quarter of which includes 197,280 tonnes from surface dumps. And the latest ore reserve is based on material payable to mine at a gold price of R15,000 per kilogramme, or $500 per ounce, well above the present level.

It is thus not so much a question of how much ore remains, but of how long South Africa's State assistance scheme can be expected to cover the working losses of West Rand Consolidated. So far, it has been hoped that the mine will be kept alive until market conditions allow the resumption of uranium production.

Otherwise, the December quarter results of the mines in the General Mining Union Corporation group make a mixed showing. As with the rest, profits have been helped by the favourable rand-dollar exchange rate; *it is pointed out that* an average fall of 1.6 per cent in the dollar per ounce price of gold represents a 1.7 per cent increase in terms of rands per kilogramme received.

The mines have thus obtained better rand gold prices in the quarter but this has not prevented the Evander area group from making lower profits in the period. It is worth pointing out, however, that these mines did better than others in the September quarter.

The quarterly gold prices received by individual mines are *compared* in the following table.

	Dec qtr $/oz	Dec qtr R/kg	Sept qtr $/oz	Sept qtr R/kg
Bracken	425	13,172	427	12,822
Buffels	425	13,154	427	12,877
Grootvlei	423	13,107	437	13,045
Kinross	426	13,207	425	12,813
Leslie	424	13,174	426	12,788
Marievale	438	13,522	440	13,161
St Helena	425	13,104	431	12,980
Stilfontein	410	12,692	448	13,354
Unisel	423	13,083	433	12,834
West Rand	427	13,212	424	12,656
Winkelhaak	423	13,126	427	12,637

Of the Evander mines, Winkelhaak has produced the same amount of gold as in the previous three months but has seen a rise in costs. The mine's underground development values have again fallen from the levels obtaining in the first half of the year.

Production has fallen at Bracken, Leslie and Kinross while there has been a general modest increase in working costs. *In the Orange Free State,* the young Unisel has encountered its first tax liability while St Helena has now acquired the new Beisa uranium-gold mine which began limited production during the quarter.

Of the original General Mining group properties, Stilfontein has, exceptionally, received a lower rand gold price in the latest quarter following the above average figure for the previous three months. Profits, however, show a good increase thanks to a dividend from the Chemwes uranium treatment plant subsidiary and a lower tax charge.

Net profits of the mines are compared in the following table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Bracken	2,395	2,964	2,359
Buffels	27,304	26,385	†30,071
Grootvlei	6,943	4,792	5,027
Kinross	9,209	†10,100	8,137
Leslie	1,808	3,123	2,886
Marievale	715	500	537
St. Helena	*35,645	*31,848	16,158
Stilfontein	15,084	11,231	11,625
Unisel	11,981	14,617	13,475
W. Rand Cons	¶2,541	¶51	1938
Winkelhaak	13,444	13,907	13,142

* Includes Beisa. † Restated. ¶ After receipt of State aid.

MIM to lift holding in Asarco

THE MAJOR Australian base metal group MIM Holdings plans to increase its holding in Asarco of the U.S. from the present 16 per cent to 21 per cent. This follows the completion in September last year of MIM's side of a £162m plan to revise the ownership structures of both companies.

The plan provided for MIM to raise its stake in Asarco from 2 per cent to 16 per cent, while Asarco undertook to reduce its holding in the Australian company from 48.9 per cent to 44 per cent through the sale of 22m shares to Australian investors.

Asarco said yesterday in New York that it does not contemplate selling any of the shares involved until conditions become more favourable on Australia's stock markets.

One of the principal reasons behind the deals is to reduce Asarco's effective interest in MIM, thus enhancing the Australian concern's ability to participate in new natural resources development projects. Australian Government guidelines require at least 50 per cent local ownership in such projects.

When all the current proposals have been completed, Asarco's effective interest in MIM will have fallen to about 35 per cent.

Apart from these considerations, MIM said it views its holdings in Asarco as a sound long-term investment, and an important diversification away from the company's present *almost total reliance on the* Mount Isa copper mine in Queensland.

Asarco's interests include copper, lead, zinc and silver, and the company has recently expanded its range to take in aluminium, coal, asbestos, ilmenite, sand and gravel, limestone and oil and gas. Assets include direct and indirect holdings in nearly 40 mines in North, Central and South America.

MIM shares fell 7p to equal a 1981-82 low of 168p yesterday.

IBS IN DEAL WITH PLESSEY

Immediate Business Systems has agreed to buy from Plessey Company for £1.15m the business and fixed assets concerned with the development and manufacture of an automated billing system.

Stockbrokers Margetts and Addenbrooke, East, Newton are preparing to make a £2.9m public placing of IBS shares prior to seeking a quotation for the group on the Stock Exchange's Unlisted Securities Market.

IBS's portable billing system, which has been under test with the South of Scotland Electricity Board, this week won for the SSEB the Computer User of the Year award at the Which Computer Show in Birmingham.

Little change at New Wits

FIRST HALF results of New Witwatersrand Gold Exploration have held up fairly well in the face of the lower average gold price.

The company, one of the smaller South African investment companies in the Gold Fields group, turned in net profits of R4.13m (£2.3m) for the six months to December 31 1981, against R4.67m for the corresponding *period* of the previous year.

The interim dividend is maintained at 18 cents (9.9p) per share from earnings of 35.8 cents, down from 40.4 cents last time. In 1980-81, the company paid a final of 28 cents a share to make a total of 46 cents, from full-year earnings of 81.1 cents.

Net asset value per share is shown at 860 cents, down from *885 cents at end-December 1980,* but higher than the 725 cents for the financial year-end on June 30 1981.

The shares hardened a penny to 180p in London yesterday in front of the results.

Vogels pays same again

LOWER base metal prices have cut net profits of Vogelstruisbult Metal Holdings to R3.28m (£1.8m) for 1981, a fall of 18 per cent from the previous year. Nevertheless, the company, one of the smaller investment companies run by the Gold Fields group in South Africa, is to pay an unchanged dividend.

Vogels has declared a final dividend of 11 cents (6p) a share, to give a *total* for the year of 16 cents. Earnings fell to 21.3 cents from 25.9 cents a share.

The company's net asset value per share is shown as 431 cents, up from 359 cents at the end of 1980.

The shares fell 10p to 120p in London before the announcement of the results.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	4	12	6	25	47	40	$375
GOLD C	$400	17	4	3	14	94	28.50	"
GOLD C	$425	—	—	6	9	45	18	"
GOLD P	$350	—	—	48	8	20	12	"
GOLD P	$375	10	10	32	17.50	55	18	"
GOLD P	$400	21	29 B	1	32	1	34	"
GOLD P	$425	10	52	—	—	—	—	"
GOLD P	$450	4	76.50	—	—	—	—	"
12¾ NL 81 87-91								
C	F.105	90	1.60	14	3.80	—	—	F.106.30
C	F107.50	100	0.20	—	—	—	—	"
P	F.105	—	—	30	1	—	—	"
P	F.107.50	—	—	110	2.10	—	—	"
12 NL 81 86-88								
C	F.100	—	—	10	5	100	3.20	F.101.70
C	F.102.50	—	—	—	—	51	1.70	"
P	F.100	—	—	15	1	—	—	"
10¾ NL 80 86-95								
C	F.97.50	—	—	200	1	100	1.60	F.96.20
P	F.95	100	0.20	—	—	—	—	"
		April		July		Oct.		
AKZO C	F.22.50	20	2.90	—	—	—	—	F.24.70
AKZO C	F.25	57	1.30	10	2	2	2.50	"
AKZO C	F.27.50	—	—	7	0.80	—	—	"
AMRO C	F.55	—	—	22	2	—	—	F.51.80
HEIN C	F.40	5	11.80	—	—	—	—	F.50.90
HEIN C	F.45	10	6.20	—	—	—	—	"
HEIN C	F.50	30	3.10	7	3.90	—	—	"
HEIN C	F.55	52	1	—	—	—	—	"
HEIN P	F.50	—	—	5	3.50	—	—	"
HOOG C	F.15	8	2.10	—	—	—	—	F.16.30
HOOG P	F.17.50	5	0.70	26	0.90	—	—	"
HOOG P	F.15	60	0.50	—	—	—	—	"
HOOG P	F.20	3	4	—	—	—	—	"
IBM P	$50	—	—	2	⅝	—	—	$61¼
IBM P	$60	5	1⅞	—	—	—	—	"
KLM C	F.90	13	6.30	—	—	—	—	F.97.30
KLM C	F.100	25	3.10	7	6.10	—	—	"
KLM C	F.120	3	1	—	—	—	—	"
KLM P	F.80	7	1.60	—	—	—	—	"
KLM P	F.90	2	6 A	—	—	—	—	"
NEDL C	F.130	4	7.50	2	9.50	5	12	F.134
NEDL C	F.140	11	3.50	8	5.50	—	—	"
NEDL P	F.130	—	—	12	7 A	—	—	"
NEDL P	F.140	9	7 A	—	—	—	—	"
NATN C	F.115	8	0.70	—	—	5	2.80	F.109
PHIL C	F.20	9	2.40	14	2.50	—	—	F.21.70
PHIL C	F.22.50	34	0.70	37	1.10	122	1.60	"
PHIL C	F.25	5	0.30	—	—	—	—	"
PHIL P	F.20	2	0.40	5	0.80	2	0.90	"
PHIL P	F.22.50	50	1.20	—	—	—	—	"
RD C	F.80	121	5.40	—	—	2	7.50	F.81.90
RD C	F.90	270	2.10	40	3.10	10	4.50	"
RD C	F.100	11	0.50	—	—	—	—	"
RD P	F.70	—	—	—	—	2	1	"
RD P	F.80	95	2	—	—	7	4	"
RD P	F.90	35	8.40	7	9.50	—	—	"
UNIL C	F.140	12	14.60	—	—	—	—	F.154
UNIL C	F.150	148	5	6	9.90	—	—	"
UNIL C	F.160	319	2.70	65	3.90	—	—	"
UNIL P	F.130	—	—	2	1	—	—	"
UNIL P	F.150	29	2	—	—	—	—	"
UNIL P	F.160	20	7.70	—	—	—	—	"
		Feb.		May		Aug.		
BASF C	DM.140	—	—	10	2	—	—	DM133.38

TOTAL VOLUME IN CONTRACTS: 3263

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Jan. 20 Total Contracts 2,785. Calls 2012. Puts 773.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	260	39	5	48	16	—	—	298p
BP (c)	280	19	91	28	35	40	—	"
BP (c)	300	1	49	17	61	26	—	"
BP (c)	320	1	21	—	—	—	—	"
BP (c)	330	—	—	10	—	17	20	"
BP (c)	350	½	1	—	—	—	—	"
BP (c)	380	½	1	—	—	—	—	"
BP (p)	280	¾	9	10	—	14	—	"
BP (p)	300	3	205	20	2	28	20	"
BP (p)	320	23	11	—	—	—	—	"
CU (c)	130	¾	14	11	5	19	—	128p
CU (c)	140	½	—	6	24	13	—	"
CU (c)	180	¼	1	2	—	—	—	"
CU (c)	200	¼	51	1	—	—	—	"
Cons. Gld (c)	420	50	14	52	9	60	—	447p
Cons. Gld (c)	460	2	7	22	68	42	—	"
Cons. Gld (c)	500	1	—	15	155	25	—	"
Cons. Gld (c)	550	¼	4	4	—	8	—	"
Cons. Gld (p)	420	¼	13	12	—	18	—	"
Cons. Gld (p)	460	15	51	32	2	47	1	"
Cons. Gld (p)	500	55	4	65	—	72	—	"
Ctlds. (c)	50	30	1	33	—	36	2	79p
Ctlds. (c)	60	20	7	23	—	26	—	"
Ctlds. (c)	70	10	22	13	—	15	1	"
Ctlds. (c)	80	½	67	7	27	9	12	"
GEC (c)	700	127	—	142	1	155	—	826p
GEC (c)	750	77	4	90	—	112	5	"
GEC (c)	800	27	116	52	—	70	—	"
GEC (c)	850	1	—	25	7	40	—	"
GEC (p)	750	½	—	8	10	14	—	"
GEC (p)	800	1	—	22	3	30	—	"
Gr'd Met. (c)	140	48	—	51	1	56	—	188p
Gr'd Met. (c)	160	28	7	31	10	37	30	"
Gr'd Met. (c)	180	8	57	13	12	21	11	"
Gr'd Met. (c)	200	½	27	6	13	10	19	"
Gr'd Met. (c)	220	¼	7	2	—	—	—	"
Gr'd Met. (p)	160	1	27	4	—	5	—	"
Gr'd Met. (p)	180	1	10	11	—	13	15	"
Gr'd Met. (p)	200	14	5	20	—	23	—	"
ICI (c)	280	43	11	46	35	54	—	322p
ICI (c)	300	23	19	28	21	38	1	"
ICI (c)	330	1	7	11	38	20	—	"
ICI (p)	240	½	23	3	—	4	—	"
ICI (p)	260	½	48	4	1	5	—	"
ICI (p)	280	½	38	8	—	10	—	"
ICI (p)	300	1	44	13	—	18	1	"
ICI (p)	330	—	—	24	—	28	1	"
Land Sec. (c)	260	29	5	40	—	—	—	286p
Land Sec. (c)	268	1½	30	—	—	—	—	"
Land Sec. (c)	312	¾	15	—	—	—	—	"
Land Sec. (c)	336	½	10	—	—	—	—	"
Mks & Sp. (c)	100	37	5	41	—	44	2	136p
Mks & Sp. (c)	120	17	17	21	29	27	—	"
Mks & Sp. (c)	130	7	103	12	4	17	1	"
Mks & Sp. (c)	140	¾	4	5	4	9½	4	"
Shell (c)	330	48	5	54	—	62	—	374p
Shell (c)	360	18	14	34	—	42	—	"
Shell (c)	390	½	13	18	1	32	—	"
Shell (c)	420	½	—	7	5	14	—	"
Shell (p)	300	¼	10	2	—	—	—	"
Shell (p)	330	½	36	6	—	7	—	"
Shell (p)	360	½	16	14	—	20	—	"
Shell (p)	390	16	4	26	2	32	—	"
Shell (p)	420	46	—	52	2	52	—	"
		February		May		August		
Barclays (c)	460	13	2	23	—	43	—	450p
Imperial (c)	60	15½	27	16½	24	17	—	75p
Imperial (c)	70	6½	36	8½	9	11	4	"
Imperial (c)	80	2	—	3½	3	5½	50	"
Imperial (p)	70	2½	—	5½	10	6	—	"
Imperial (p)	80	7	—	10	—	11	51	"
Lasmo (c)	390	19	—	35	2	54	—	377p
Lasmo (c)	460	5	2	17	8	29	—	"
Lonrho (c)	70	12	10	14	—	16	—	79p
Lonrho (c)	80	5½	4	6½	40	9½	6	"
P & O (c)	120	21	—	29	—	35	1	138p
P & O (c)	130	13	7	22	4	28	—	"
P & O (c)	140	5	15	16	4	20	—	"
Racal (c)	390	15	9	25	13	30	—	385p
Racal (c)	460	1	—	5	40	—	—	"
Racal (p)	360	5	—	8	5	—	—	"
Racal (p)	390	15	35	20	2	22	—	"
Racal (p)	420	40	15	42	10	43	—	"
RTZ (c)	420	26	—	37	5	57	28	427p
RTZ (c)	460	10	—	23	16	37	—	"
RTZ (c)	500	3	—	15	38	23	—	"
RTZ (c)	550	3	80	8	—	—	—	"
RTZ (p)	420	20	—	22	20	25	—	"
Vaal Rfs. (c)	55	6½	5	7	5	9¼	—	$58
Vaal Rfs. (c)	60	3	—	4½	—	6½	1	"
Vaal Rfs. (c)	70	½	—	2½	—	3	10	"
Vaal Rfs. (p)	55	2¼	—	3¾	1	4¾	—	"
Vaal Rfs. (p)	60	6½	—	7	10	8	—	"

C=Call P=Put

General Mining Union Corporation Group

Gold Mining Companies' Reports for the Quarter ended 31 December 1981

All companies mentioned are incorporated in the Republic of South Africa

WEST RAND Consolidated Mines Limited

Issued capital – 4 250 000 ordinary shares of R1 each. 25 000 deferred shares of R2 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
GOLD			
Mined (m²)	101 834	86 371	348 852
Ore milled (t)	532 000	277 800	1 163 820
Gold produced (kg)	771	550	2 327
Yield (g/t)	1,45	2,0	2,0
Uranium section			
Mined (m²)	—	48 980	287 250
Ore milled (t)	—	206 200	945 480
Gold produced (kg)	—	100	502
Yield (g/t)	—	0,5	0,5
Working revenue (R/t milled)	19,15	17,00	17,31
Working costs (R/t milled)	24,69	33,00	29,53
(R/m² mined)	128,96	115,41	97,92
Working income (R/t milled)	(5,54)	(16,00)	(12,22)
Gold price received (R/kg)	13 212	12 672	12 906
($/oz)	427	424	460
URANIUM			
Pulp treated (t)	—	133 200	872 700
Oxide produced (kg)	29	24 047	180 258
Yield (kg/t)	—	0,18	0,28
Financial results (R'000)			
GOLD – Working revenue	10 186	8 234	36 514
– Working costs	13 133	15 967	62 286
– Working loss	(2 947)	(7 733)	(25 772)
URANIUM – Income	4 655	3 978	19 511
Sundry income – net	233	261	638
Tribute and royalties – net	—	—	—
Income before taxation	1 941	(3 484)	(5 623)
State aid	2 576	4 620	12 859
Taxation	1 976	1 075	3 265
Income after taxation and State aid	R2 541	R61	R3 971
Capital expenditure	35	266	860
Dividend declared – ordinary shares	425	—	637
– deferred shares	142	—	213
Development			
Gold section			
Advanced (m)	6 438	7 847	25 312
Advanced on reef (m)	1 888	2 864	8 469
Sampled (m)	1 977	2 183	7 807
Channel width (cm)	75	90	82
Average value – gold (g/t)	9,64	6,55	7,70
(cm.g/t)	723	591	629
Uranium section			
Advanced (m)	—	186	6 417
Advanced on reef (m)	—	85	3 247
Sampled (m)	—	128	2 916
Channel width (cm)	—	43	52
Average value – uranium (kg/t)	—	1,018	0,973
(cm.kg/t)	—	43,36	50,61
(g/t)	—	3,90	2,71
(cm.g/t)	—	166	141

Gold ore reserves as at 31 December 1981

	Available	Unavailable	Inaccessible	Total Mine
Tons	179 400	104 800	4 021 000	4 305 200
Stope width (cm)	104	104	106	105
Value: (g/t)	6,84	6,68	7,16	7,13
(cm.g/t)	717	697	760	756

Ore reserve pay limit is calculated at an estimated gold price of R15 000/kg ($500/oz).

REMARKS

Operating results
The west plant is entirely on gold production. The total ore milled includes 197 280 tons taken from the surface dumps and treated at the west plant. Uranium was purchased to fulfil commitments due to cessation of production.

Capital expenditure
Amounts approved not yet spent – R1 430 000.
Commitments in respect of contracts placed – R21 000.

Dividend
On 2 December 1981 ordinary share dividend No. 101 and deferred share dividend No. 92 of 10 and 567 cents per share respectively were declared to members registered on 18 December 1981. Dividend warrants will be posted on or about 4 February 1982.

STILFONTEIN Gold Mining Company Limited

Issued capital – 13 082 920 shares of 50 cents each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
GOLD			
Mined (m²)	136 027	138 956	542 464
Ore milled (t)	495 000	485 000	1 912 000
Gold produced (kg)	3 741	3 794	14 891
Yield (g/t)	7,6	7,8	7,8
Working revenue (R/t milled)	96,26	104,66	101,60
Working costs (R/t milled)	53,29	54,92	53,33
(R/m² mined)	193,93	191,67	187,96
Working income (R/t milled)	42,97	49,74	48,27
Gold price received (R/kg)	12 692	13 354	13 014
($/oz)	410	448	467

The above figures exclude ore processed for Buffelsfontein Gold Mining Company Limited

Financial results (R'000)	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
GOLD – Working revenue	47 646	50 761	194 259
– Working costs	26 381	26 634	101 960
– Working income	21 265	24 127	92 299
Sundry income – net	1 252	1 109	4 017
Dividend received	5 100	—	8 500
Tribute and royalties – net	(3 980)	(3 277)	13 961
Income before taxation and State's share of income	23 637	21 959	90 855
Taxation and State's share of income	8 553	10 728	42 713
Income after taxation and State's share of income	R15 084	R11 231	R48 142
Capital expenditure	2 027	2 960	7 958
Dividend declared	23 513	—	40 495

Development	Quarter ended 31.12.1981 Vaal Reef	VCR	Quarter ended 30.9.1981 Vaal Reef	VCR	Year ended 31.12.1981 Vaal Reef	VCR
Advanced (m)	7 631,5	847	8 038	674	32 489	1 844
Advanced on reef (m)	1 151	142	1 437	119	5 595	414
Sampled (m)	954	138	1 230	111	4 632	399
Channel width (cm)	24	40	28	43	25	55
Average value						
– gold (g/t)	56,4	9,2	48,1	6,2	52,6	4,9
(cm.g/t)	1 347	366	1 333	268	1 289	272
– uranium (kg/t)	0,770	0,168	0,744	0,143	0,804	0,126
(cm.kg/t)	18,40	6,67	20,61	6,17	19,87	6,92

Ore reserves, Vaal and V.C. Reefs, as at 31 December 1981

	Available	Unavailable	Inaccessible	Total Mine
Tons (000's)	3 064	214	3 783	7 061
Stope width (cm)	120	120	120	120
Value:				
– gold (g/t)	9,71	11,38	7,85	8,76
– (cm.g/t)	1 165	1 366	942	1 051
– uranium (kg/t)	0,152	0,176	0,124	0,138
– (cm.kg/t)	18,22	21,07	14,90	16,53

Included in the above, 70 800 tons at 6,74 grams per ton are Ventersdorp Contact Reef reserves.

Ore reserve pay limit is calculated at an estimated gold price of R15 000/kg ($500/oz).

REMARKS

Capital expenditure
Amounts approved not yet spent – R5 722 000.
Commitments in respect of contracts placed – R311 435.

Dividends
On 2 December 1981 dividend No. 55 of 180 cents per share was declared to members registered on 18 December 1981. Dividend warrants will be posted on or about 4 February 1982.

Chemwes Limited

(A subsidiary of Stilfontein Gold Mining Company Limited)
Issued capital – 1 000 shares of R1 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
Pulp treated (t)	860 000	886 000	3 488 000
Oxide produced (kg)	162 394	168 815	663 320
Yield (kg/t)	0,19	0,19	0,19
Financial results (R'000)			
Net income	15 240	12 649	42 193
Income appropriated for capital expenditure	8 000	15 734	31 734

REMARKS

Capital expenditure
Amounts approved not yet spent – R2 814 000.
Commitments in respect of contracts placed – R500 000.

Dividend
A dividend of R6 million in total was declared on 2 December 1981.

BRACKEN Mines Limited

Issued capital – 14 000 000 shares of 90 cents each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981
GOLD		
Mined (m²)	63 228	66 471
Ore milled (t)	260 000	255 000
Gold produced (kg)	864	894
Yield (g/t)	3,3	3,5
Working revenue (R/t milled)	44,07	45,25
Working costs (R/t milled)	29,75	28,12
(R/m² mined)	122,35	107,90
Working income (R/t milled)	14,32	17,13
Gold price received (R/kg)	13 172	12 822
($/oz)	425	427
Financial results (R'000)		
GOLD – Working revenue	11 457	11 539
– Working costs	7 736	7 172
– Working income	3 721	4 367
Sundry income – net	226	471
Tribute and royalties – net	(15)	—
Income before taxation and State's share of income	3 932	4 838
Taxation and State's share of income	1 537	1 874
Income after taxation and State's share of income	R2 395	R2 964
Capital expenditure	963	257
Dividend declared	—	4 200
Development – Kimberley Reef		
Advanced (m)	1 495	1 473
Advanced on reef (m)	270	236
Sampled (m)	266	234
Channel width (cm)	28	34
Average value – gold (g/t)	18,6	16,4
– (cm.g/t)	520	557

REMARKS

Capital expenditure
Amounts approved not yet spent – R3 086 000.
Commitments in respect of contracts placed – R53 000.

Dividend
A dividend of 30 cents per share was paid 30 October 1981.

MARIEVALE Consolidated Mines Limited

Issued capital – 4 500 000 shares of 25 cents each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
GOLD			
Mined (m²)	14 778	13 392	57 161
Ore milled (t)	165 000	174 000	819 000
Gold produced (kg)	297	296	1 217
Yield (g/t)	1,8	1,7	1,5
Working revenue (R/t milled)	24,35	22,58	19,44
Working costs (R/t milled)	17,57	17,23	14,24
(R/m² mined)	196,17	223,94	204,09
Working income (R/t milled)	6,78	5,35	5,20
Gold price received (R/kg)	13 522	13 161	12 841
($/oz)	438	440	455
Financial results (R'000)			
GOLD – Working revenue	4 018	3 929	15 925
– Working costs	2 899	2 999	11 666
– Working income	1 119	930	4 259
Sundry income – net	12	22	10
Tribute and royalties – net	—	—	(6)
Income before taxation	1 131	952	4 263
Taxation	416	452	2 098
Income after taxation	R715	R500	R2 165
Capital expenditure	—	—	—
Dividend declared	1 260	—	2 385

Ore reserves as at 31 December 1981

	Available Main Reef	Available Kimberley Reef	Unavailable* Main Reef	Unavailable* Kimberley Reef	Total Mine Main Reef	Total Mine Kimberley Reef
Tons (000's)	—	380	20	—	20	380
Block width (cm)	—	135	135	—	135	135
Value – gold (g/t)	—	4,6	4,3	—	4,3	4,6
– (cm.g/t)	—	621	580	—	580	621

Ore reserve pay limit is calculated at an estimated gold price of R15 000/kg ($500/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Dividend
On 11 December 1981 dividend No. 83 of 28 cents per share was declared to members registered on 24 December 1981. Dividend warrants will be posted on or about 21 January 1982.

ST. HELENA Gold Mines Limited

Issued capital – 9 625 000 shares of R1 each.
Issued capital – 10 115 070 cumulative preference shares of R1 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	15 months ended 31.12.1981
GOLD			
Mined (m²)	125 770	119 438	562 000
Ore milled (t)	540 000	540 000	2 695 000
Gold produced (kg)	3 932	3 942	19 732
Yield (g/t)	7,3	7,4	7,3
Working revenue (R/t milled)	95,78	95,02	98,43
Working costs (R/t milled)	35,02	33,33	31,86
(R/m² mined)	150,34	150,70	152,77
Working income (R/t milled)	60,76	61,69	66,57
Gold price received (R/kg)	13 104	12 990	13 414
($/oz)	425	431	491
Financial results (R'000)			
GOLD – Working revenue	51 720	51 311	265 270
– Working costs	18 908	17 999	85 857
– Working income	32 812	33 312	179 413
Uranium – Working income	96	—	96
Sundry income – net	4 825	1 359	7 889
Income before taxation and State's share of income	37 733	34 671	187 398
Taxation and State's share of income	2 088	2 823	14 794
Income after taxation and State's share of income	R35 645	R31 848	R172 604
Capital expenditure – St. Helena	*6 268	2 624	16 906
Capital expenditure – Beisa	7 914	24 083	59 584†
Dividend declared	13 956	25 025	70 744

Development	Quarter ended 31.12.1981 Basal Reef	Leader Reef	Quarter ended 30.9.1981 Basal Reef	Leader Reef	15 months ended 31.12.1981 Basal Reef	Leader Reef
Advanced (m)	1 734	471	1 385	226	7 647	1 214
Advanced on reef (m)	118	191	188	155	903	578
Sampled (m)	127	177	176	158	891	581
Channel width (cm)	83	139	81	144	88	145
Average value						
– gold (g/t)	10,8	5,5	9,8	6,3	12,1	5,4
– (cm.g/t)	899	767	794	907	1 062	790

REMARKS

Capital expenditure
*The value of assets taken over from Beisa is not included in this figure.
†For twelve months only.
Amounts approved but not yet spent – R38 619 000.
Commitments in respect of contracts placed – R24 411 000.

Dividend
A dividend of 260 cents per share was paid on 30 October 1981. On 11 December 1981 dividend No. 53 of 145 cents per share was declared to members registered on 24 December 1981. Dividend warrants will be posted on or about 21 January 1982.

ACQUISITION OF ASSETS FROM BEISA MINES
The scheme whereby this company would acquire the mining assets from Beisa Mines Limited has been approved and the assets were registered in this company's name on 31 December 1981. Financial figures pertaining to the St. Helena–Beisa section are included above.
The value of assets taken over, qualifying for deduction from income in terms of Section 37(4) of the Income Tax Act 1962 exceeds the taxable income for the 15 months ended 31 December 1981 and therefore no provision has been made for taxation. However, the company is still liable for payment of State's share of profits. The tax figures for the previous quarters have been adjusted accordingly.

ST. HELENA–BEISA MINES SECTION

Production
Stoping operations commenced during September 1981 and to date limited quantities of uranium and gold have been recovered.

Shafts
Station construction and equipping on 3, 4 and 5 levels has reached an advanced stage. Water intersections in the No. 1 shaft and in associated orepasses are presently being systematically sealed.

Development
Development is in progress on all levels viz. A level down to 5 level. Operations are still hampered by numerous water intersections. During the quarter 1 370 metres were advanced. A temporary pump station has been established on 5 level whilst the Main Pump Station is being developed.

Beisa Reef	Quarter ended 31.12.81	Year (12 months to Dec. 81)
Shaft sinking metres	—	42
Station cutting metres	454	1 645
Metres advanced	918	6 110
Metres on reef	89	1 087
Metres sampled	51	850
Channel width	80	78
Average value – gold (g/t)	4,1	3,7
(cm.g/t)	327	287
– uranium (kg/t)	1,259	1,381
– (cm.kg/t)	100,70	107,89

UNISEL Gold Mines Limited

Stated capital – 28 000 000 shares of no par value.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981
GOLD		
Mined (m²)	52 004	53 383
Ore milled (t)	300 000	270 000
Gold produced (kg)	2 160	1 863
Yield (g/t)	7,2	6,9
Working revenue (R/t milled)	94,38	88,68
Working costs (R/t milled)	34,64	35,29
(R/m² mined)	199,81	178,50
Working income (R/t milled)	59,74	53,39
Gold price received (R/kg)	13 083	12 834
($/oz)	423	433
Financial results (R'000)		
GOLD – Working revenue	28 314	23 944
– Working costs	10 391	9 529
– Working income	17 923	14 415
Sundry income – net	191	202
Income before taxation and State's share of income	18 114	14 617
Taxation and State's share of income	6 133	—
Income after taxation and State's share of income	R11 981	R14 617
Capital expenditure	1 137	792
Loan repayments	2 471	—
Dividend declared	—	15 400

Development (reefs)	Quarter ended 31.12.1981 Basal	Middle	Leader	Quarter ended 30.9.1981 Basal	Middle	Leader
Advanced (m)	1 189	770	103	2 067	—	220
Advanced on reef (m)	328	279	84	631	—	183
Sampled (m)	329	237	60	612	—	149
Channel width (cm)	122	116	195	142	—	203
Average value – gold (g/t)	13,0	8,9	7,3	15,6	—	4,8
– (cm.g/t)	1 584	1 030	1 433	2 219	—	981

REMARKS

Capital expenditure
Amounts approved not yet spent – R6 086 000.
Commitments in respect of contracts placed – R1 266 000.

Dividend
A dividend of 55 cents per share was paid on 30 October 1981.

WINKELHAAK Mines Limited

Issued capital – 12 180 000 shares of R1 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981
GOLD		
Mined (m²)	128 756	130 895
Ore milled (t)	535 000	535 000
Gold produced (kg)	3 478	3 479
Yield (g/t)	6,5	6,5
Working revenue (R/t milled)	85,54	84,33
Working costs (R/t milled)	28,31	27,19
(R/m² mined)	117,64	111,14
Working income (R/t milled)	57,23	57,14
Gold price received (R/kg)	13 126	12 837
($/oz)	423	427
Financial results (R'000)		
GOLD – Working revenue	45 766	45 117
– Working costs	15 147	14 548
– Working income	30 619	30 569
Sundry income – net	1 550	1 509
Tribute and royalties – net	95	141
Income before taxation and State's share of income	32 264	32 219
Taxation and State's share of income	18 820	18 312
Income after taxation and State's share of income	R13 444	R13 907
Capital expenditure	2 096	2 083
Dividend declared	—	23 142
Development – Kimberley Reef		
Advanced (m)	2 897	3 224
Advanced on reef (m)	579	733
Sampled (m)	575	701
Channel width (cm)	58	56
Average value – gold (g/t)	10,0	14,6
– (cm.g/t)	581	820

REMARKS

Capital expenditure
Amounts approved not yet spent – R20 844 000.
Commitments in respect of contracts placed – R4 348 000.

Dividend
A dividend of 190 cents per share was paid on 30 October 1981

BEATRIX Mines Limited

Share capital – 100 shares of R1 each.
Loan capital advanced to date – R73 973 000.

REMARKS

Shaft sinking
The No. 1 and No. 2 shafts had reached depths of 384 metres and 486 metres below surface respectively. The rate of progress in both shafts has been hampered by poor ground conditions.

Capital expenditure
Net expenditure for the quarter on property, shafts, plant and equipment and general expenditure has amounted to R18 337 000 (to date R73 156 000).
Amounts approved in addition to commitments, inclusive of estimated escalation to 31 December 1981 – R232 354 000.
Commitments in respect of contracts placed – R30 023 000.

General
Construction of the hostel continued and 1 075 workers are at present being housed.
Construction work continued on shaft offices, workshops, and sewage plant whilst a start was made with the general offices.
In Virginia the building of houses continued and to date 129 families are housed in these units.

BUFFELSFONTEIN Gold Mining Company Limited

Issued capital – 11 000 000 shares of R1 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	6 months ended 31.12.1981
GOLD			
Mined (m²)	229 458	242 684	472 142
Ore milled (t)	816 000	840 000	1 656 000
Gold produced (kg)	7 117	7 231	14 348
Yield (g/t)	8,7	8,6	8,7
Working revenue (R/t milled)	114,98	111,53	113,23
Working costs (R/t milled)	55,62	53,06	54,32
(R/m² mined)	197,78	183,66	190,52
Working income (R/t milled)	59,36	58,47	58,91
Gold price received (R/kg)	13 154	12 877	13 044
($/oz)	425	427	426

The above figures include ore processed by Stilfontein Gold Mining Company Limited

	Quarter ended 31.12.1981	Quarter ended 30.9.1981	6 months ended 31.12.1981
URANIUM			
Pulp treated (t)	773 000	788 000	1 561 000
Oxide produced (kg)	160 500	152 850	313 350
Yield (kg/t)	0,21	0,19	0,20
Financial results (R'000)			
GOLD – Working revenue	93 823	93 689	187 512
– Working costs	45 382	44 571	89 953
– Working income	48 441	49 118	97 559
URANIUM – Working income	8 155	4 860	13 015
Sundry income – net	1 820	2 231	4 051
Dividend received	900	—	900
Tribute and royalties – net	(7 261)	(6 175)	(13 436)
Income before taxation and State's share of income	52 055	50 034	102 089
Taxation and State's share of income	24 751	23 649	48 400
Income after taxation and State's share of income	R27 304	R26 385	R53 689
Capital expenditure	9 599	9 058	18 657
Dividend declared	28 600	—	28 600
Development – Vaal Reef			
Advanced (m)	14 713	14 025	28 738
Advanced on reef (m)	1 349	1 570	2 919
Sampled (m)	1 281	1 509	2 790
Channel width (cm)	107	111	109
Average value – gold (g/t)	13,54	12,98	13,22
– (cm.g/t)	1 447	1 441	1 444
– uranium (kg/t)	0,437	0,435	0,436
– (cm.kg/t)	46,68	48,40	47,61

REMARKS

Capital expenditure
Amounts approved not yet spent – R124 295 000.
Commitments in respect of contracts placed – R19 030 000.

Dividend
On 2 December 1981 dividend No. 49 of 260 cents per share was declared to members registered on 18 December 1981. Dividend warrants will be posted on or about 4 February 1982.

The GROOTVLEI Proprietary Mines Limited

Issued capital – 11 438 816 stock units of 25 cents each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981	Year ended 31.12.1981
GOLD			
Mined (m²)	112 905	117 511	458 204
Ore milled (t)	435 000	435 000	1 745 000
Gold produced (kg)	1 653	1 653	6 543
Yield (g/t)	3,8	3,8	3,7
Working revenue (R/t milled)	50,40	49,74	48,89
Working costs (R/t milled)	28,02	26,97	26,32
(R/m² mined)	107,93	99,83	100,88
Working income (R/t milled)	22,38	22,77	22,57
Gold price received (R/kg)	13 107	13 045	12 970
($/oz)	423	437	459
Financial results (R'000)			
GOLD – Working revenue	21 923	21 636	85 305
– Working costs	12 186	11 731	45 923
– Working income	9 737	9 905	39 382
Sundry income – net	51	259	241
Tribute and royalties – net	(110)	(150)	(616)
Income before taxation	9 678	10 014	39 007
Taxation	2 735	5 222	17 941
Income after taxation	R6 943	R4 792	R21 066
Capital expenditure	360	847	2 702
Dividend declared	8 922	—	16 815
Development – Kimberley Reef			
Advanced (m)	1 886	1 970	6 286
Advanced on reef (m)	1 215	1 210	3 945
Sampled (m)	1 206	1 200	3 906
Channel width (cm)	22	21	21
Average value – gold (g/t)	21,6	19,8	24,7
– (cm.g/t)	476	416	518

Ore reserves as at 31 December 1981

	Available Main	Available Kimberley	Unavailable* Main	Unavailable* Kimberley	Total Mine Main	Total Mine Kimberley
Tons (000's)	2 100	3 700	1 100	1 800	3 200	5 500
Block width (cm)	135	135	135	135	135	135
Value – gold (g/t)	2,7	4,7	2,7	3,3	2,7	4,2
– (cm.g/t)	365	635	365	446	365	573

Ore reserve pay limit is calculated at an estimated gold price of R15 000/kg ($500/oz).

*These are ore reserves which cannot be made available for mining during the next twelve months.

REMARKS

Capital expenditure
Amounts approved not yet spent – R22 167 000.
Commitments in respect of contracts placed – R5 462 000.

Black reef
A very limited amount of development has been accomplished.
51 metres were developed on reef of which 47 metres were sampled at a value of 10,1 grams per ton over a channel width of 146 centimetres equivalent to 1 476 centimetre grams per ton.

Dividend
On 11 December 1981 dividend No. 86 of 78 cents per unit of stock was declared to members registered on 24 December 1981. Dividend warrants will be posted on or about 21 January 1982.

LESLIE Gold Mines Limited

Issued capital 16 000 000 shares of 65 cents each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981
GOLD		
Mined (m²)	70 560	71 469
Ore milled (t)	300 000	305 000
Gold produced (kg)	939	1 039
Yield (g/t)	3,1	3,4
Working revenue (R/t milled)	41,50	44,17
Working costs (R/t milled)	30,92	29,13
(R/m² mined)	131,45	124,31
Working income (R/t milled)	10,58	15,04
Gold price received (R/kg)	13 174	12 788
($/oz)	424	426
Financial results (R'000)		
GOLD – Working revenue	12 450	13 473
– Working costs	9 275	8 884
– Working income	3 175	4 589
Sundry income – net	124	373
Tribute and royalties – net	(29)	—
Income before taxation and State's share of income	3 270	4 962
Taxation and State's share of income	1 462	1 839
Income after taxation and State's share of income	R1 808	R3 123
Capital expenditure	529	774
Dividend declared	—	4 000
Development – Kimberley Reef		
Advanced (m)	2 224	2 019
Advanced on reef (m)	737	647
Sampled (m)	702	615
Channel width (cm)	17	13
Average value – gold (g/t)	19,6	21,5
– (cm.g/t)	333	279

REMARKS

Capital expenditure
Amounts approved not yet spent total R2 725 000 of which R2 722 000 has been approved by the Government Mining Engineer for 1981 in terms of the Gold Mines Assistance Act, 1968 (as amended).
Commitments in respect of contracts placed – R636 000.

Dividend
A dividend of 25 cents per share was paid on 30 October 1981

KINROSS Mines Limited

Issued capital – 18 000 000 stock units of R1 each.

Operating results	Quarter ended 31.12.1981	Quarter ended 30.9.1981
GOLD		
Mined (m²)	100 677	97 072
Ore milled (t)	420 000	420 000
Gold produced (kg)	2 436	2 521
Yield (g/t)	5,8	6,0
Working revenue (R/t milled)	76,19	77,29
Working costs (R/t milled)	33,34	31,78
(R/m² mined)	139,10	137,50
Working income (R/t milled)	42,85	45,51
Gold price received (R/kg)	13 207	12 813
($/oz)	426	425
Financial results (R'000)		
GOLD – Working revenue	32 002	32 462
– Working costs	14 004	13 347
– Working income	17 998	19 115
Sundry income – net	811	1 063
Tribute and royalties – net	(50)	(78)
Income before taxation and State's share of income	18 759	20 100
Taxation and State's share of income	9 550	10 000
Income after taxation and State's share of income	R9 209	R10 100
Capital expenditure	2 339	2 371
Dividend declared	—	15 480
Development – Kimberley Reef		
Advanced (m)	3 757	3 605
Advanced on reef (m)	469	629
Sampled (m)	425	659
Channel width (cm)	42	41
Average value – gold (g/t)	26,7	26,2
– (cm.g/t)	1 121	1 076
The above includes development for No. 2 shaft area as follows:		
Advanced (m)	2 846	2 852
Advanced on reef (m)	224	359
Sampled (m)	207	378
Channel width (cm)	27	38
Average value – gold (g/t)	68,3	32,2
– (cm.g/t)	1 843	1 223

REMARKS

Capital expenditure
Amounts approved not yet spent – R48 002 000.
Commitments in respect of contracts placed – R9 523 000.

Dividend
A dividend of 86 cents per unit of stock was paid on 30 October 1981.

NOTES

1. Development values quoted above represent actual results of sampling, and no allowance has been made for any adjustments which may be, or were, necessary when estimating ore reserves at the end of the financial years.
2. All financial figures are unaudited.
3. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.

Johannesburg, 20 January 1982

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INTERNATIONAL COMPANIES and FINANCE

ORDERS STRENGTHEN IN FINAL QUARTER

NCR slips as Burroughs climbs

BY OUR NEW YORK STAFF

TWO LARGE U.S. producers of data processing equipment, NCR and Burroughs, showed sharply different results for 1981 yesterday, with NCR bearing the brunt of the European recession, and Burroughs showing its first quarterly gain in more than 18 months.

Burroughs' improvement—a 12 per cent rise in fourth quarter profits—reflects the efforts of its new chairman, Mr Michael Blumenthal, to strengthen finances and reduce unprofitable operations.

Mr Blumenthal called 1981 a "transition year,' but said he was pleased to report the improvement "during a time of generally poor economic conditions" both in the U.S. and abroad. He claimed that efforts to improve the company were now showing results, and orders had strengthened noticeably in the final quarter. But he noted that foreign currency translation continued to unfavourably affect earnings.

Fourth quarter profits were $62.9m, or $1.51 a share, against $56.4m, or $1.37) in last year's fourth quarter. Earnings for the year were $148.9m, or $3.58 a share, up from $82m, or $1.99 in 1980, when a special charge of $125m was included.

Mr Blumenthal added: "We expect further improvement in our operating results in 1982 as our operational programmes have continuing impact. Clearly, however, the uncertain and unsettled economic conditions we face worldwide will have an important bearing on our industry."

NCR's 1981 income was down 18 per cent, and revenue rose only 3 per cent. Mr W. S. Anderson, the chairman, said that revenue had shown gains in many markets, but was off sharply in Europe. Despite the fall the company is raising its quarterly dividend by 5 cents to 60 cents a share.

He said the downturn in earnings "reflects the combined effects of business recession in European markets and the substantial year-to-year decline in the value of European currencies relative to the U.S. dollar. It appears that these factors will continue to affect our results to some extent in the first half of 1982."

Mr Anderson said 1981 was "disappointing," but added that orders picked up in the fourth quarter, NCR's financial position had improved and that he expected general business conditions to improve in the second half of this year, continuing into 1983.

NCR's total 1981 income was $208.2m, or $7.72 a share, down from $254.7m, or $9.51, in 1980. In the final quarter earnings were $90.2m, or $3.35 a share compared with $118m, or $4.38. Revenue in 1981 was $3.4bn, up from $3.3bn in 1980, with the final quarter chipping in $1.04bn compared with $1.08bn.

Two California banks end year with declines

By Our New York Staff

TWO LARGE California bank holding companies, BankAmerica Corporation and Crocker National, have gone against the general industry trend by showing earnings declines for the final quarter. Security Pacific, which divides the pair as second largest in California, managed a modest gain.

BankAmerica—which has regained the title of biggest U.S. bank with assets of $121bn against Citicorp's £119bn—saw net operating profits almost halved from $160.8m, or $1.09 a share, to $84.6m, or 57 cents a share.

The bank's operating earnings for all of 1981 were $445.4m, or $3.02 a share, down sharply from $645m, or $4.39 a share. After securities transactions annual net profits were unchanged while in 1980 there was a $1.6m reduction.

The bank's earnings have been badly squeezed by a combination of high funding costs and low yielding assets, mainly mortgages. It is currently trying to restructure its balance sheet, but at considerable cost.

Crocker International, now controlled by the Midland Bank of the UK, recorded fourth quarter net operating earnings of only $4.4m, or 25 cents a share, compared with $26.4m, or $1.85 a share in 1980.

Crocker's full year earnings were $62.2m, down from $95.1m or from $6.72 a share to $3.98. After securities transactions net profits were $62.9m compared with $95.74m.

Good year for General Electric

BY OUR NEW YORK STAFF

GENERAL ELECTRIC, the leading U.S. diversified electrical and electronics group, reports a 9 per cent increase in both earnings and revenues last year. Earnings rose to $1.65bn on revenues of $27.24bn compared with earnings of $1.51bn on revenues of $24.96bn in 1980. Per share earnings were $7.26 against $6.92.

In the final quarter, earnings rose 11 per cent to $452m, or $1.99 a share, on a 9 per cent increase in sales to $7.56bn.

Mr John Welch, GE's chairman, said the improved results resulted from "good operating performance despite two successive years of erratic U.S. and world economic conditions."

The company last year received almost $30bn worth of new orders, or 17 per cent more than in 1980. With about $2bn spent on new plant and equipment last year, GE said its cumulative investment for the last three years totalled more than $5bn.

Mr Welch said the company's financial position continued to be strong. Total assets exceeded $20bn for the first time last year, while debt-to-capital ratio was below 20 per cent. Cash and marketable securities increased by 11 per cent and now stood at more than $2.4bn. GE expected the second half this year to be much stronger than the first half.

The company's revenues and earnings from natural resources were substantially higher than the previous year, led by increased sales and earnings from its Australian coking coal subsidiary.

Services and materials sales and earnings were sharply up, while power systems also showed good earnings on modestly higher revenues. Mr Welch said the nuclear power business was "modestly profitable" on good demand for fuel and services coupled with rigorous cost control.

Aircraft engine revenues and earnings increased on higher volume in military aircraft engines. But commercial aircraft engine shipments were lower because of the problems of the airline industry.

Other sectors, on average, also showed improved results, although earnings in consumer products declined by 7 per cent, reflecting the difficult conditions that prevailed, especially in the last half of 1981. Major appliance, housewares and television businesses all reported lower earnings, although lighting products were slightly up. Air conditioning and audio products showed strong earnings and revenue gains.

Westinghouse Electric downturn

BY OUR NEW YORK STAFF

WESTINGHOUSE ELECTRIC, the power equipment manufacturing and communications group, has reported lower fourth quarter earnings although profits for the whole of 1981 are up by 9 per cent.

The lower earnings in the final quarter largely reflected the acquisition of Teleprompter, the cable television operator. Westinghouse completed the deal last summer but the cost was accounted for in the final quarter.

Mr Robert Kirby, chairman of Westinghouse, described the $646m purchase as "The most important acquisition in our history, requiring a significant use of funds." The company's balance sheet, however, remained strong.

Profits at Westinghouse last year rose to $438m on sales of $9.37bn from earnings of $402.9m on sales of $8.51bn in 1980. In the final quarter, earnings totalled $103.1m on sales of $2.53bn, compared with profits of $107m on sales of $2.26bn in the comparable period of 1980.

The company said operating profit margins increased in 1981 from 1980 levels. All of its three major operating companies and its broadcasting subsidiary reported higher sales. But operating profits at its power system subsidiary were "somewhat lower."

Mixed showing by U.S. steel groups

By Our Financial Staff

TWO LEADING U.S. steel groups, Republic and Steel and Armco, have reported divergent earnings trends for the final quarter of 1981, reflecting their relative reliance on the basic steelmaking business.

Republic, the fourth largest producer in the U.S., saw net profits drop from $35.96m to $21.71m for the period and has warned that the opening quarter of the current year could result in a loss from operation because of poor level of steel shipments.

Fourth quarter shipments fell to only 348,000 tons compared with 1.76m tons in the corresponding 1980 period and Republic expects its shipments in the current quarter to be at their lowest since 1975.

Sales for the quarter were down from $1.04bn to $975m, although for the year the total was ahead from $3.76bn to $4.38bn.

The company is one of the more efficient in the U.S. industry and has interests in the production and supply of tube and pipe for the booming oil and gas exploration and production industry, but it was only able to minimise the drop in its final quarter net profits by inclusion of a $20.6m tax credit. This was partly offset by a $3.2m write-off on certain plant and raw material properties.

Annual profits were well ahead from $50.98m to $190m, reflecting the poor year in 1980 and a $79m pre-tax gain from the sale of interests in coal reserves. However, there was also a $35.7m annual write-off on plant and properties.

Per share profits for the year were $11.75 compared with $3.15 after $1.34 compared with $2.22 in the final quarter.

Armco, which ranks number six in the U.S. but draws a large proportion of earnings and revenues from other operations, particularly its tube, pipe and other oilfield products, increased net profit from $63.4m to $70.1m.

Its sales for the quarter were $1.79bn compared with $1.54bn, giving a 1981 total of $6.9bn against $5.67bn. Profits for the year came to $294.5m against $265.3m, or $4.97 a share compared with $4.73 after the final quarter contribution of $1.04 a share against $1.13.

Armco has been expanding strongly outside basic steelmaking and in August last year anounced a $671m tube and pipe mill project.

Also, it said this week it had bought a controlling stake in a Brazilian manufacturer of oilfield drilling equipment, Equipetrol.

The deal will give Armco's National Supply subsidiary, which is a major supplier of oil industry equipment, its largest marine manufacturing base and will be used to expand output of a wider range of produces.

Equipetrol's shipyard and manufacturing plant, located in Salvador, Brazil, employs 2,400. Armco already has a roling mill for special steel and various other interests in Brazil.

Recession hits Caterpillar Tractor

By Ian Hargreaves in New York

CATERPILLAR TRACTOR, the large U.S. machinery company, suffered a sharp setback in fourth quarter profits and said it expects to lay off more than 2,000 additional workers in the U.S.

Caterpillar net earnings were $103.3m on sales of $2.27bn in the quarter, compared with $143.2m on sales of $2.09bn in the same period of 1980.

The profits decline was even worse than these figures suggest, however, as Caterpillar had a $1.3m tax credit in the 1981 quarter, against a $61.7m expense the year before.

For the whole of 1981, Caterpillar reported earnings of $578.9m on sales of $9.15bn, compared with $564.8m on sales of $8.6bn in 1980. Per share profits came to $6.64 against $6.53 with the final quarter adding $1.18 compared with $1.65.

U.S. QUARTERLIES

HOSPITAL TRUST CORP.

	1981	1980
Fourth quarter	$	$
Net profits	3.95m	2.85m
Net per share	1.97	1.42
Year		
Net profits	13.38m	11.87m
Net per share	6.68	5.93

McCORMICK & CO.

	1981	1980
Fourth quarter	$	$
Revenue	204.1m	167.1m
Net profits	17.48m	7.27m
Net per share	1.41	0.66
Year		
Revenue	659.8m	527.6m
Net profits	29.92m	13.19m
Net per share	2.50	1.17

WALT DISNEY PRODUCTIONS

	1981-82	1980-81
First quarter	$	$
Revenue	211.8m	203.5m
Net profits	17.41m	25.95m
Net per share	0.53	0.80

Citicorp to issue $150m zero coupon Eurobond

BY ALAN FRIEDMAN

CITICORP came to the Eurodollar bond market yesterday with the tenth zero coupon offer in the past week, a $150m issue priced at 66.50 per cent and bearing a maturity of only three years. The issue is being led by Merrill Lynch and yields 14.57 per cent at its issue price. The deal could provide $99.75m to Citicorp.

Another zero coupon bond, the slow-moving $150m Beneficial paper, had its terms adjusted last night to attract more investors. Blyth Eastman said holders would be able to redeem the bonds at 67.20 per cent after five years, producing a yield of 15.50 per cent, an improvement of ½ per cent on the original yield.

The Eurodollar market saw a flurry of activity in the floating rate note sector with three new issues.

A $100m eight-year offer was launched for ANAS, the Italian highway construction agency. The notes carry a spread of ¼ per cent above six-month Libor and a minimum coupon of 5½ per cent. Lead-managers are Banque National de Paris and Banque Bruxelles Lambert.

The ANAS notes may be converted into ten-year fixed-rate bonds with a 13 per cent semi-annual coupon if the holder desires to do so within the first three years.

A $100m five-year offer was launched for Altos Hornos de Mexico, the Mexican steel group. The notes carry a spread of £ per cent above Libor and a 6 per cent minimum coupon. Lead manager is Lloyds Bank International.

Finally, a $75m five-year offer was launched for Swedish Export Credit Corporation through Morgan Guaranty and Morgan Stanley. Simultaneously, the borrower is also offering 112,500 warrants to purchase $112.5m worth of eight-year 14¼ per cent bonds within the next 12 months.

The warrants are going to managers in lieu of a 1½ per cent selling commission and the market yesterday valued warrants at $12 to $13.

The $75m of notes was quoted by managers at 98½, suggesting a yield of more than ½ per cent above Libor even though there is no spread above Libor to be paid to note holders.

The Kingdom of Spain launched a SwFr 80m 10-year issue with an indicated 7¼ per cent yield through Credit Suisse.

From Nomura Securities came ford of a Y10bn 12-year private placement for the China International Trust Investment Corporation.

Mexico refines terms of $400m Banrural credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO HAS refined the terms of the forthcoming $400m, eight-year Eurocredit for its agriculture bank Banrural to introduce a tranche on which the margin paid will be 1 per cent over London interbank offered rate (Libor).

Lenders in this tranche will also have an opportunity to lend at a margin of ¾ per cent over U.S. prime rate, but both margins are ⅛ point higher than the originally announced spreads of ⅞ over Libor or ⅝ over prime.

The new tranche, however, will be treated differently for tax purposes as lenders at the higher margins will have to absorb half the Mexican withholding tax, currently charged at a rate of 15 per cent. Banrural itself will pay all the withholding tax due on funds lent at the lower margins in the first tranche, providing a certificate of payment to lending banks.

The availability of a tax credit in its home country against tax actually paid by a lending bank will thus help to determine each lender's choice of tranche, although some bankers said yesterday they viewed this complicated exercise as an attempt by Mexico to avoid setting clear standard terms for its credits in a market that remains volatile.

Now confirmed officially is the list of lead managers for the credit which comprises Arab Banking, Arlabank, Bank of America, Banco Exterior de Espana, Kuwait Foreign Trading Contracting and Investment, Lloyds Bank International, Dai-Ichi Kangyo and Yasuda Trust.

Visa, American Express in terminals link

By William Hall, Banking Correspondent

VISA U.S.A. and American Express, arch rivals in the credit card industry, have agreed to a direct link between their card authorisation systems for point-of-sale transactions in a move to stem fraud and credit losses, currently costing the U.S. credit card industry $1bn a year.

Mr David Huemer, senior vice president operations of Visa U.S.A., says "the direct link will reduce both the time and cost to the merchant of authorising Visa and American Express transactions."

The use of poin-of-sale terminals to authorise credit card transactions is spreading rapidly in the U.S., where credit card losses and fraud are a major problem.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on January 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101½	102	−0¼	−0¼	16.31
APS Fin. Co. 17⅛ 86	60	103⅛	103⅝	0	−0⅛	16.10
Armco O/S Fin. 15⅜ 88	50	98⅝	99⅛	−0⅛	−0⅛	15.68
Bank Montreal 16¾ 91	150	99½	100	+0⅛	−0½	16.27
Br. Colum. Hyd. 16¾ 88	100	100⅝	101⅛	+0⅛	0	15.98
Br. Colum. Mfa. 17 97	54	103	103½	0	0	16.37
Can. Nat. Rail 14⅝ 91	100	92⅛	92⅝	−0⅛	−1½	16.20
Caterpillar Fin. 16½ 86	100	101	101½	−0⅛	−0⅛	16.04
CFMP 16¾ 96	100	101½	102	0	−0⅛	16.40
CIBC 16⅜ 91	100	100⅝	101⅛	0	−0⅛	16.51
Citicorp O/S 16⅞ 86	150	103	103½	0	0	15.65
Cities Service 17 88	150	104⅛	104⅝	−0⅛	0	15.82
Cons.-Bathurst 17½ 88	60	103⅞	103⅜	+0⅛	+0½	16.59
CPC Fin. 16¾ 86	50	104½	105	+0⅛	−0⅛	15.17
Dupont O/S 14½ 88	400	96⅛	96⅝	−0⅛	−0⅛	15.36
EIB 16½ 88	100	100⅛	100⅝	+0⅛	−0⅛	16.30
EIB 16¾ 91	100	100⅞	101⅜	+0⅛	−0⅛	16.49
GMAC O/S Fin. 16½ 84	300	100½	101	0	0	16.05
Gulf States O/S 17½ 88	60	103⅛	103⅝	−0⅛	+0⅛	16.53
Nat. Bk. Canada 16½ 88	40	100⅛	101	+0⅛	+0⅛	16.98
Nat. West. 14⅜ 91	100	94⅞	95⅜	0	−1⅛	15.73
New Brunswick 17 88	60	103⅞	104⅜	0	+0⅛	15.89
Newfoundland 17¼ 89	60	105⅞	106⅜	−0⅛	−0⅛	15.76
New & Lab. Hy. 17¼ 89	75	103⅜	103⅞	0	+0⅛	16.35
Ohio Edison Fin. 17½ 88	75	102⅞	103⅜	+0⅛	−0⅛	16.63
OKG 15¾ 97	50	97⅛	97⅞	+0⅛	0	16.15
Ontario Hyd. 16 91 (N)	200	99⅜	99⅞	+0⅛	−0⅛	16.04
Pac. Gas & El. 15¾ 89	80	101⅞	101⅜	−0⅛	−1⅛	15.38
Quebec Hydro. 17⅛ 91	150	103⅛	103⅝	−0⅛	−1⅛	16.48
Quebec Province 15¾ 89	150	96⅛	96⅝	+0⅛	−1	16.04
Saskatchewan 16⅛ 88	100	100⅛	100⅝	+0⅛	+0½	16.08
Shell Canada 15⅝ 91	100	99⅝	100⅛	−0⅛	−1	15.72
Statsforetag 15½ 87	60	98½	99	0	+0⅛	16.13
Sweden 14½ 88	150	92⅛	92⅝	−0⅛	−1	16.37
Swed. Ex. Cred. 16½ 93	75	101⅛	101⅝	−0⅛	−0⅛	16.20
Tenneco Int. 17 89	100	103⅛	103⅞	−0⅛	0	16.08
Texas Eastern 15⅞ 88	75	99⅛	99⅝	−0⅛	−0⅛	16.01
Transcanada 17¾ 88	75	105½	106	−0⅛	+0⅛	16.20
Transcanada 16 89	100	99⅞	100⅛	+0⅛	+0⅛	15.97
Walt Disney 15¾ 86	100	100⅛	100⅜	−0⅛	−1	15.51
Winnipeg 17 86	50	102⅛	102⅝	0	−0⅛	16.13
WMC Fin. 15½ 88	50	96⅝	96⅞	−0⅛	+0¼	16.33
World Bank 16 88	80	99⅜	99⅞	0	−0⅛	16.03
World Bank 16½ 88	130	101⅛	102⅛	0	−0½	15.82
World Bank 16½ 88	100	100⅛	100⅝	+0⅛	−1	16.27

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98⅞	99⅜	−0⅛	−0⅛	10.12
Asian Dev. Bank 10½ 89	100	101¾	102¼	+0⅛	+0½	10.32
Australia 9¾ 91	300	99	99½	0	+0⅛	9.49
Belgelectric 11 91	100	101	101⅜	−0⅛	−0⅛	10.74
CECA 10 91	120	101⅜	101⅞	0	+0⅛	9.74
Coun. of Europe 10 91	100	99⅞	100⅜	−0⅛	0	9.94
Coun. of Europe 10½ 91	100	100⅝	101⅛	0	0	10.11
EEC 10⅛ 93	100	100	100⅜	+0⅛	−0⅛	10.06
EIB 8½ 90	200	91⅝	92⅛	−0⅛	−0⅛	9.90
EIB 10½ 91	200	102	102⅜	0	−0⅛	10.08
Finland, Rep. of 10½ 86	100	100	100⅜	+0⅛	−0⅛	10.37
Inter-American 10 91	100	99⅝	100⅛	+0⅛	0	9.95
Inter-American 10¼ 91	100	100	100⅜	0	−0⅛	10.18
Ireland 10⅛ 86	100	99⅜	99⅞	+0⅛	+0⅛	10.25
Japan Air Lines 8½ 87	100	94⅞	95⅜	−0⅛	−0⅞	9.20
Midland Int. Fin. 8½ 90	180	93⅞	94	+0⅛	+0⅛	9.60
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	+0⅛	0	10.49
New Zealand 9¾ 89	200	99⅞	100⅜	0	−0⅛	9.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

OTHER STRAIGHTS

[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¼ 89 EUA	40	78	79⅛	0	0	12.98
U. Bk. Nwy. 9½ 90 EUA	18	91½	92⅛	0	+0⅛	11.60
Algemene Bk. 10¾ 86 Fl	60	97⅛	97⅝	−0⅛	−1⅛	11.02
Amfas Group 12¼ 86 Fl	40	102⅛	102⅝	−0⅛	−0⅛	11.58
Amro Bank 12 86 Fl	75	100⅝	101⅛	−0⅛	−0⅛	11.61
Amro Bank 12 88 Fl	60	101⅛	101⅝	−0⅛	−0⅛	11.58
Heineken NV 10 87 Fl	100	96⅛	96⅝	−0⅛	−0⅛	10.86
Pierson 10¼ 86 Fl	50	97½	98	−0½	−0⅛	10.94
Rabobank 12 86 Fl	50	101⅜	101⅞	−0⅛	−0⅛	11.46
Air France 14½ 86 FFr	200	93½	94½	0	+0⅛	16.54
Bk. America 14½ 88 FFr	250	92½	93½	−0½	−0½	16.85
Charb'nages 13⅞ 86 FFr	400	93	94	−0⅛	+0½	16.22
EIB 14⅛ 88 FFr	300	89⅛	90⅛	0	0	16.94
La Redoute 14⅛ 85 FFr	125	91	92	−0⅛	−0⅛	17.52
OKB 14 86 FFr	400	92½	93½	0	+0⅛	16.47
Solvay et C. 14¾ 86 FFr	200	92⅛	93⅛	−0½	0	17.29
Swed. E. Cr. 14½ 86 FFr	250	91⅞	92⅞	−0⅛	−0⅛	17.24
U. Mex. Sts. 14 85 FFr	150	91½	92½	0	−0⅛	17.38
Acona 14 85 £	20	89⅞	90⅞	−0⅛	−0⅛	17.59
Beneficial 14⅛ 90 £	20	83⅜	84⅜	−0⅛	−0⅛	17.98
BNP 13½ 91 £	15	83⅞	84⅞	−0⅛	0	17.01
CECA 13½ 88 £	20	88⅛	89⅛	−0⅛	−0⅛	16.29
Citicorp O/S 13½ 90 £	50	88⅛	89⅛	0	0	16.12
Fin. Ex. Cred. 13⅜ 86 £	15	89⅞	90⅞	−0⅛	0	17.08
Gen. Elec. Co. 12½ 89 £	50	85⅛	86⅛	−0⅛	0	15.92
Hiram Walker 14½ 86 £	25	93	94	−0⅛	+0⅛	16.43
Privatbanken 14½ 88 £	12	88⅛	89⅛	+0⅛	−0⅛	17.51
J. Rothschild 14⅛ 90 £	12	91⅞	92⅞	−0⅛	−0⅛	15.98
Royal Trustco 14 86 £	12	92⅛	93⅛	−0⅛	0	16.39
Swed. Ex. Cr. 13⅜ 86 £	20	90⅛	91⅛	0	−0⅛	16.93
Akzo 9¼ 87 LuxFr	500	85	88	+0⅛	+0½	12.96
Euratom 9⅜ 88 LuxFr	500	86⅞	87⅞	+1⅛	+1⅛	12.91
Eurofima 10½ 87 LuxFr	500	91⅞	92⅞	+0⅛	+0½	12.40
EIB 9⅜ 88 LuxFr	600	87⅛	88⅛	+0⅛	+0⅛	12.69
Volvo 9⅜ 87 LuxFr	500	86⅛	87⅛	−0⅛	−0⅛	13.16

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99⅛	99⅞	16/8	14⅛	14.30
Bank of Montreal 5¼ 91	0⅛	99⅝	99⅞	29/4	17.06	17.13
Bank of Tokyo 5¼ 91	0⅛	98	98½	10/6	13⅛	13.49
Bk. Nova Scotia 5¼ 93	0⅛	99½	100	29/4	17.06	17.11
BBL Int. 5 86	0⅛	99	99½	20/5	13½	13.60
BFCE 5¼ 88	0⅛	99½	100	26/4	16.94	16.98
Christiania Bk. 5½ 91	†0⅛	98⅞	99⅛	5/2	15.56	15.74
Co-Ban Eurofin 5½ 91	0⅛	98⅞	99⅛	14/4	16.69	16.86
Den Norske Cred. 5⅛ 93	0⅛	97⅛	97⅝	4/6	13.56	13.89
Genfinance 5¼ 92	0⅛	98⅞	99⅜	30/6	15½	15.58
Giro und Bank 5¼ 91	†0⅛	98⅞	99⅛	23/3	14.06	14.19
GZB 5¼ 92	†0⅛	98⅛	99⅛	5/3	13⅛	13.26
Ind. Bank Japan 5¼ 88	0⅛	98¾	99¼	9/6	13.31	13.53
Lloyds Eurofin 5¼ 93	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5¼ 89	0⅛	99	99½	16/7	16.31	16.43
Midland Int. Fin. 5 91	0⅛	99⅞	100⅛	30/4	17.06	17.06
Nacional Fin. 5½ 88	0⅛	97⅝	98⅛	25/3	17.31	17.69
Nat. Bk. Canada 5¼ 88	0⅛	99⅝	100⅛	24/3	17.31	17.39
Nat. West. Fin. 5¼ 91	§0⅛	98⅞	99⅛	15/7	15.38	15.32
Nat. West. Fin. 5¼ 92	§0⅛	99½	100	23/4	17	17.04
Nordic Int. Fin. 5½ 91	0⅛	98⅛	98⅝	6/5	15⅛	15.78
Offshore Mining 5¼ 91	0⅛	97⅞	98⅜	2/6	13	13.26
Pemex 6 91	0⅛	97⅛	97⅞	8/4	17	[illegible]
PKbanken 6 91	0⅛	98⅞	99⅛	17/6	14⅛	14.54
Sanwa Int. Fin. 5¼ 88	0⅛	99½	100	24/3	17⅛	17.29
Scotland Int. 5¼ 92	0⅛	98	98½	23/3	13.94	14.19
Sec. Pacific 5⅛ 91	0⅛	98⅛	98⅞	24/5	13⅛	13.43
Societe Generale 5¼ 91	0⅛	99	99⅛	22/7	16⅛	16.77
Sparebanken 6 87	0⅛	98⅝	99⅛	21/6	14.44	14.80
Standard Chart. 5¼ 91	0⅛	97⅞	98⅜	18/6	13.31	13.57
Sumitomo Fin. 5⅛ 88	0⅛	99	99½	[illegible]	19.68	19.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Rights issue from GHH as orders and exports rise

BY JONATHAN CARR IN OBERHAUSEN

GHH, Europe's biggest mechanical engineering group, will maintain a 14 per cent dividend this year, thanks to satisfactory earnings and buoyant export business.

Dr Manfred Lennings, the executive chairman, estimated that group turnover for the year ending June, 1982 would be around DM 18bn, after DM 16.7bn in 1980-81, and noted that incoming orders were up sharply in the half year to December.

GHH's confidence is the more noteworthy since its business year covers the worst period of West Germany's domestic recession—a trough widely expected to be overcome during the second half of 1982. The company's dividend has thus had to be earned almost entirely in overseas markets.

The first half figures show the orders intake up by 30.1 per cent to DM 9.9bn, with a rise of 64 per cent abroad to DM 6.2bn and a fall of 2 per cent at home. Orders in hand in December stood at DM 18.6bn, nearly 10 per cent higher than six months earlier.

> GHH proposes to raise about DM 237m through a one-for-five rights issue at DM 125 a share and will use the proceeds "at the appropriate moment" to increase the capital of some subsidiaries. Key shareholders have already indicated their willingness to participate

Group turnover rose by 23.2 per cent to DM 8.5bn, with a boost of 44 per cent to DM 4.5bn in foreign sales and a small upswing of 5.7 per cent to DM 3.9bn in domestic sales.

About 75 per cent of the orders in hand came from abroad. But of foreign business, 28 per cent came from OPEC (against 35 per cent at the end of the 1979-80 business year), and 19.9 per cent from developing countries. Over the same period there had been a rise in the share of orders from the industrialised countries from 34 per cent to 37 per cent.

Dr Lennings said GHH sales to Poland had totalled DM 214m over the last five years, of which DM 68m had been in 1980-81. The group's current uncovered risk on its Polish business totalled DM 5m.

For 1980-81 net profit fell by 3.9 per cent to DM 117m. Interest payments rose sharply to DM 307m from DM 93m.

Fiat shows sharp improvement in consolidated sales

BY JAMES BUXTON IN ROME

FIAT, Italy's biggest private enterprise, yesterday confirmed the improvement in its fortunes after three years of operating losses.

Consolidated turnover — the first time figures have been presented on this basis— amounted to L22,000bn ($17.9bn), an improvement of 21 per cent on 1980.

The car division, which accounted for 44 per cent of total sales, closed in balance, despite a loss in Latin America, where the market fell by 40 per cent in 1981. All other divisions, except for steel, closed in substantial profit, a marked improvement on 1980.

The company invested L1,242bn during the year against L960bn in 1980. The workforce fell from 342,600 to 315,400—reflecting the lay-offs and labour force reductions which followed the 1980 strike. Fiat attributes its improved performance to the successful outcome of that confrontation with the workforce.

Car production by Fiat plants in Italy fell by 12 per cent to 1.12m vehicles, a fact which accounts for large scale lay-offs among Fiat's suppliers as well as among Fiat workers. But the number of vehicles sold in Italy —949,000—was marginally up.

Fiat maintained its share of the Italian market at 51.6 per cent while sales abroad rose by 8 per cent. Fiat took 13.5 per cent of the total European market.

In the industrial vehicle division (Iveco), turnover was L5,100bn, compared with L4,100bn in 1980.

Sacilor-PUK special steels deal

BY TERRY DODSWORTH IN PARIS

SACILOR, France's second largest steel group, agreed yesterday to the takeover of the special steel interests of Pechiney Ugine Kuhlmann (PUK) in a deal which concludes the streamlining of the industry begun by the Government in 1978.

Agreement between the two companies follows two and a half years of spasmodic negotiations bedevilled by the size of losses in Ugine Aciers, the PUK subsidiary. Talks were broken off in April last year when it became clear that Ugine, having run up losses of around FFr 855m ($147m) in the previous three years, was heading for a further heavy deficit in 1981.

No figure has been put on last year's loss as yet, but M Philippe Thomas, chairman of PUK, said yesterday that a substantial part of the group's deficit of around FFr 1.75bn ($302m) last year came from the special steels division.

Because of the extent of these losses it is expected that the Government will come to the aid of Sacilor and pump in fresh funds to enable it to absorb Ugine. A similar procedure was used in last year's takeover of Creusot Loire's special steels subsidiary, when the Government put up soft loans of FFr 500m to Usinor, the country's largest steel manufacturer.

Under the plan considered last April, Sacilor hoped to receive about the same amount. But it is now felt that the aid could be even higher.

Ugine Aciers makes around 600,000 tonnes of steel a year. These activities will be linked up within Sacilor with a special steels activity which already comprises the former Pompey company, and which may in future take in similar interests owned by Renault.

The result of yesterday's agreement is to leave France with virtually all its substantial steel manufacturing activities grouped under two main companies, Sacilor and Usinor.

State-backed Fl 50m loan for KBB

BY CHARLES BATCHELOR IN AMSTERDAM

KBB, the loss-making Dutch stores group, has been granted a Fl 50m ($20m) loan by the government - backed National Investment Bank to strengthen its capital ratios.

KBB lost Fl 9.6m ($4m) in the 1981 first half and expects to have incurred an even larger loss over the year as a whole.

With controls on wages now in their third year, retailing profits in the Netherlands have come under strong pressure. KBB has a number of store chains ranging from the up-market De Bijenkorf department stores to the lower-priced Hema stores and Maxis hypermarkets.

South African sugar groups in merger talks

By Jim Jones in Johannesburg

SOUTH AFRICAN sugar groups Huletts and Tongaat are in merger talks. The two companies have a combined stock market value of R820m ($430m).

Tongaat holds an indirect 26.7 per cent of Huletts' ordinary shares and is expected by Johannesburg stockbrokers to bid for Huletts' capital. The two groups produce around 40 per cent of South Africa's sugar.

In the year ended March 1981, Tongaat earned a pre-tax profit of R48.2m on a turnover of R557m. Huletts' pre-tax profit for the same period was R67.2m on turnover of R521m.

Tongaat is more widely diversified than Huletts. Its sugar interests contributed only 11.9 per cent of total pre-interest profits last year. The remainder came from building materials, food, textiles and investments.

With the sale last year of its paper interests Huletts derives most of its profits from sugar; its only other major interest is in aluminium rolling.

Anglo American Corporation owns half of S&T Investment, which in turn has 53.5 per cent of Huletts. Tongaat owns the other half of S&T. In addition, Anglo American owns about 17.4 per cent of Tongaat.

Danish minister hits back at funding policy critics

BY HILARY BARNES IN COPENHAGEN

PREDICTIONS that the Danish bond market is about to collapse as a result of the high level of government funding needed to finance the budget deficit were described as "completely unrealistic" yesterday by Mr Knud Heinesen, the Finance Minister.

Mr. Heinesen's comments followed a warning against buying government bonds given in a Copenhagen newspaper by Prof. Knud Rasmussen, of the Aarhus University of Trade and Commerce.

"Within a few months the budget deficit will cause the capital market to collapse," Prof Rasmussen predicted. The Government would be forced to reschedule its debts by means of converting short-term paper into long-term bonds, he said.

Prof Rasmussen was adding his voice to those of several other academics who have warned against the possible consequences of the rising budget deficit. The debate was sparked off last autumn by Mr Steffen Moeller, the chief economist of the Metal Workers Union, who warned that the budget deficit could lead to a state bankruptcy.

The state budget deficit on current and lending account will rise by 40 per cent in 1982—to DKr 47.7bn ($6.37bn), about 10 per cent of gross domestic product, compared with DKr 34.2bn last year, according to the Ministry of Finance.

As a result the total borrowing requirement will rise from DKr 65bn to DKr 82bn, and the net borrowing requirement from about DKr 41bn to DKr 53.4bn. About 75 per cent of last year's net borrowing requirement was financed through the domestic bond market.

The academic furore over the state budget deficit comes at a time when planned government capital market reform is already adding to uncertainty for bond prices. The average yield on long-term bonds in Copenhagen is around 19.3 per cent.

Next week the Government plans to present a Bill introducing index-linked mortgage bonds. It intends that pension funds and life insurance companies should invest about 40 per cent of any increase in their assets in index linked stock, which will carry a 2.5 per cent "real" rate of interest.

For their part, government economists and the three joint chairmen of the semi-independent Economic Advisory Council reject the arguments of Prof. Rasmussen.

In their December report on the state of the economy the three argued that the Government could always finance its deficit, as it was only borrowing back money which it was itself pumping into the economy.

Swiss central bank to expand home portfolio

By John Wicks in Zurich

THE SWISS NATIONAL BANK plans to diversify its assets by building up its portfolio of domestic securities. The bank says its monetary goals will remain unchanged and that the step is intended to increase it s ability to influence domestic liquidity without intervening on the foreign exchange market.

The gradual expansion in the domestic portfolio is seen as counteracting what the national bank calls a preponderance of gold and foreign currency reserves in its assets. Of total assets, about SwFr 35.95bn ($19.43bn) out of SwFr 37.85bn was accounted for by these two positions.

The bank states in its latest monthly report that it could not be taken for granted that foreign monetary authorities would always approve the purchase of foreign assets, particularly in the form of currency. The acquisition of assets abroad was also linked with currency risks, except in the case of foreign-exchange swap transactions which themselves created only temporary liquidity.

In 1979 the National Bank started to issue short-term money-market paper drawn on the Confederation as a step towards expanding open market operations in domestic assets. The bank now admits that fiscal problems and the change in interest rate structure has made it impossible to build up its activity in the money market.

In recent years, the central bank has also carried out transactions in various domestic bonds, although with the aim of influencing the capital market and overall interest levels. In future, the bank intends to intervene in order to establish a permanent portfolio, avoiding as far as possible any influence on market prices.

The bonds, which will be bought both on the stock exchange and over-the-counter, will be limited to those issued by the Confederation, the cantons and the cantonal banks.

Scrip issue from Bols

By Our Amsterdam Correspondent

LUCAS BOLS, the Dutch distiller and drinks group, plans to make a one-for-10 scrip issue on February 2. It will also pay an unchanged Fl1 interim dividend per Fl 10 nominal share on both the outstanding capital and the new shares.

The scrip issue will lead to the placement of 448,000 new shares bringing the total to nearly 4.93m. Bols last increased its capital, also by a one-for-10 scrip issue, in January 1980.

The company reported a 34 per cent increase in its net profit to Fl 23.1m ($9m) in the first half of 1981 on sales which were 10 per cent higher, although it gave no turnover figure. It then forecast that profits would not maintain this rate of increase in the year as a whole.

In 1980 Bols made a net profit of Fl 43.2m on sales of Fl 821m and paid a total dividend of Fl 4.

VONTOBEL EUROBOND INDICES
145.76 = 100%

PRICE INDEX	12.1.82	19.1.82	AVERAGE YIELD	12.1.82	19.1.82
DM Bonds	91.33	91.61	DM Bonds	9.830	9.889
HFL Bonds & Notes	94.83	94.80	HFL Bonds & Notes	10.901	10.964
U.S. $ Strt. Bonds	85.34	86.15	U.S. $ Strt. Bonds	14.324	14.498
Can. Dollar Bonds	88.03	91.62	Can. Dollar Bonds	14.420	14.695

Philippines scandal forces Bancom to trim

By Emilia Tragaza in Manila

THE FINANCIAL crisis in the Philippines capital market early last year has cut deeply into the Bancom Group, the business empire which sired the creation of the country's money market and the operations of which have been strongly felt in other markets in Southeast Asia. As part of a number of *trimming* measures, the latest Bancom subsidiary to have gone is Bancom International Ltd (BIL), the Hong Kong-based merchant bank which was the most profitable unit in the group. Its sale last month considerably cuts Bancom's *international reach*, but it also generates much-needed cash to help consolidate the group's operations at home.

The scandal that rocked the Philippines financial system and hit Bancom the hardest, was over the disappearance last January of the Filipino-Chinese business magnate, Mr Dewey Dee, who left some 625m pesos ($80m) in personal and corporate commitments. Most of the corporate debts were owed to private investors who bought commercial paper issued by Mr Dee's companies, which were in turn underwritten and fully guaranteed by investment houses, mainly Bancom.

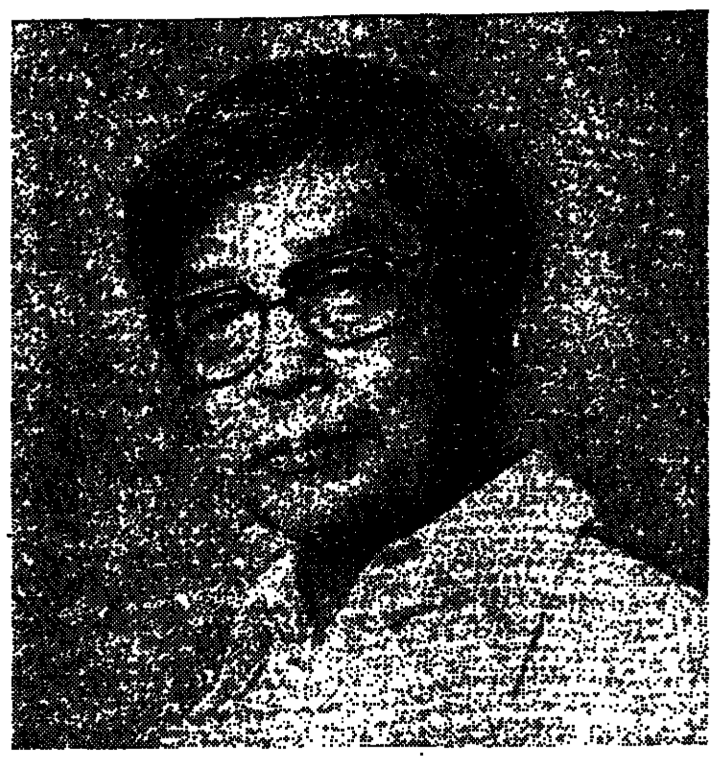
The group's flagship company, the investment house Bancom Development Corporation (BDC), had a total exposure of about $8m in Dee's companies. Part of the amount represented direct loans. But the bulk was in the form of commercial papers underwritten and fully guaranteed by Bancom. So when Mr Dee mysteriously slipped out of the Philippines, panic-stricken holders of his papers called in their investments. Panic spread like wildfire, and investors in even the most liquid companies fell into the rush.

The sale of Bancom Inter*national Limited* applies a brake on Bancom Group's ambitious overseas thrust. In the Association of South-East *Asian* Nations (Asean), it had established a stable network of financial institutions including Asiavest Holdings Bhd in Malaysia and PT First Indonesia Finance and Investment Corporation in Indonesia. Having *become strongly entrenched* in Asia, Mr Sixto Roxas, the Bancom president, announced expansion plans aimed at the Middle East. But the plans were laid before the Dewey Dee fiasco and may no longer be hatched. With the sale of BIL, Bancom *is now expected to concentrate* its resources and energies on its domestic operations.

At a post-sale interview, Mr Roxas said that the sale was at a "sizeable premium, almost double the company's book value." As of September, BIL's book value stood at almost $23m. Its 1980 anual report shows an after-tax profit of $2m and total assets of $182m.

Mr Roxas said that BIL commanded a premium because the buyers, mostly Chinese banking and property concerns, could easily convert it into a fully licenced commercial bank in Hong Kong. He reported that BIL's new shareholders were officials from Hongkong Islands Shipping Company, the Far East Group, which is involved in both banking and construction, Kwan On Construction Company, Tetra Finance (HK), which is controlled by Arab interests, and Mr Philip Kwong, a director of the Hongkong Metropolitan Bank.

Mr Roxas would not go beyond saying that Bancom International Holdings Ltd (BIHL), the group's holding company for international concerns, decided to sell out "to realise values from investments in BIL and preserve BIHL's capital in the light of uncertain economic conditions."



Mr Sixto Roxas: Government seeks his advice.

But a top Bancom official said that the sale of BIL was part of the divestment programme that the Philippines central bank had imposed on Bancom "as a condition for rescuing the group during the rush of preterminations."

In March and April, Bancom drew almost 500m pesos ($63m) in emergency funds from the central bank to pay off the panicky investors. The emergency advances were drawn under the bank's lender-of-last-resort facility and carried a penalty rate of 24 per cent payable in 60 days. Failure to pay after 60 days meant an additional interest of 2 per cent per month.

The Bancom official said that the portion of the proceeds from the sale of BIL that would accrue to Bancom Philippine Holdings Inc (BPHI), the holding company for all domestic operations, was to contribute to the liquidating of this high-cost emergency money. Part of the liquidation is also expected to be worked out by Bancom with two other government financial institutions that have also come to its rescue—Land Bank of the Philippines and the Social Security System (SSS). Upon the participation in Bancom of the two government agencies, the bulk of the emergency advances were converted into a long-term facility with an annual interest of only 12 per cent.

Land Bank has injected 140m pesos ($17.5m) in fresh equity into Bancom, while SSS has put in another 100m pesos ($12.5m). As a condition of the financial package from the two Government institutions, Bancom had to merge four of its financial units — the Bancom Development Corporation, Bancom Finance Corporation, Union Savings Bank, and the First Countryside Credit Corporation. The entity emerging is the Union Savings Bank, which has been renamed the Union Bank of the Philippines, with the Land Bank and the SSS jointly controlling 70 per cent of the capital.

Although the Government now holds the majority of Bancom's new bank, the top operating posts remain in the hands of Bancom officials. But there are Bancom officials who foresee a tussle between the Bancom manager-technocrats and the Government policy makers.

Some indsutry observers feel that the Roxas camp will keep some of the proceeds from BIL's *sale* as a *means of maintaining* clout in the Government-controlled Union Bank. In whatever way they use it, its purpose will be to maintain Bancom's innovative style of banking, it *is* suggested. "Bancom may have lost its corporate identity but its founder, Mr Roxas, would want his mark of vision and innovation retained in the new bank," a local banker says.

Apart from Bancom International Limited, other Philippines-based subsidiaries are also up for disposal, so that Bancom is free again to concentrate on finance. Most likely to be sold first are its agricultural equipment distributor, its movie-making unit, the book and magazine distribution company, and its electronic parts assembler. Shortly after its incorporation in 1963 as in investment house, Bancom had moved aggressively into other fields, including real estate, agriculture, medical services, and other concerns.

During the earlier years of operations, a job at Bancom was every young Filipino banking or economics graduate's dream. Bancom's approach to financial intermediation and general business conduct was unconventional, but it translated into profits.

More important, Bancom had prestige rubbed into it by Mr Roxas, whose opinion and advice is often sought by Government monetary officials, though on a private and informal basis.

His services have also been sought by multinationals. He has served as vice chairman of *the American Express* International Banking Corporation and was recently named a director of Sime Darby in Malaysia.

Treasury bills

It was Mr Roxas who initiated the creation of the Philippines securities market in 1965. "When we started, there was only a small inter-bank market that loaned to one another on an unsecured basis," he says. "There was only borrowing and lending but no securities market to speak of." He later convinced the central bank to sell 13-week and 26-week Treasury bills on the open market. Bancom floated its own bills and that was the start of the Philippines securities market.

The reversal in Bancom's *fortunes* has been blamed on its whirlwind diversification into non-financial areas. A central bank official says that Bancom's management spread itself too thinly into venture not financially allied.

By *1978* and *1979*, Bancom's profits started to falter. Funds were rechannelled to prop up marginal subsidiaries and affiliates. But Dewey Dee's disappearance gave Bancom a crucial blow.

The resulting fall reflects the weaknesses in the Philippines financial system, particularly in the area of regulations. After Mr Dee's disappearance, the central bank found that he and a lot of other corporate borrowers had been able to issue unregistered commercial paper much in excess of their borrowing limits because of inadequate monitoring and control by regulatory bodies including the Securities and Exchange Commission.

Consequently, the central bank introduced *measures* not only to rescue affected companies and financial institutions, but also to prevent the recurrence of similar crises. The latest regulation to be approved requires that 20 per cent of each new issue of debt instruments be backed by a credit line from a bank. This is hoped to ensure a more thorough check on the part of the banks giving the credit lines. The central bank is also to maintain a ceiling on the total amount of commercial papers outstanding in the market at any given time. A credit information system is also being worked out to facilitate banks and investment houses cross-checking details on a borrower.

CANADIAN BORROWERS DOMINATE LIST

World Bank tops bond league

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE World Bank was the largest single borrower in international bond markets last year with a total amount raised of $3.85bn compared with only $2.23bn in 1980, according to figures compiled by Salomon Brothers, the U.S. investment house.

It was followed by the European Investment Bank with a total of $1.47bn, although this was well below the $2.44bn raised by the EIB in 1980.

Salomon Brothers says that 54 individual borrowers raised $200m or more in international bond markets last year, accounting for 55 per cent of the market's total volume.

The list was dominated by Canadian borrowers, 11 of which borrowed $200m or more and accounted for $10.5bn, or 22 per cent of all new international bond issues.

Two of the world's four top borrowers—British Columbia Hydro and Hydro-Quebec—were Canadian, while further down the list Ontario was the 10th largest borrower with $550m and Ontario Hydro the 18th largest with $450m. The Province of Quebec was 20th with $439m while Canadian Imperial Bank of Commerce and Canadian National Railways were not far behind with $428m and $400m respectively.

The "phenomenal growth" in Canadian borrowings was attributable to the high level of domestic interest rates and the strong domestic credit demand resulting from the Government deficit and takeovers of foreign-owned companies, Salomon says.

Its study, believed to be the first to analyse the activities of individual borrowers in world markets, also showed a heavy increase in credit demand from development banks, except the EIB, and by U.S. corporations, who were crowded out of their domestic market.

Both the Inter-American Development Bank and the Asian Development Bank made it to the list of the top 15 borrowers for the first time, having doubled their respective borrowings of 1980.

The study also shows that there was a marked shift towards shorter maturities in the Euro D-Mark and foreign Swiss franc sectors with 95 per cent of all new issues having a maturity of 10 years or less compared with 91 per cent in 1980 and 78 per cent in 1979.

Top 15 issuers in major international bond markets ($m equivalent)

1981		1980		1979		1978	
World Bank	3,852	Sweden	2,632	EIB	2,014	Canada	2,063
EIB	1,472	EIB	2,436	World Bank	1,635	EIB	1,855
Hydro-Quebec	1,306	World Bank	2,266	Sweden	1,405	World Bank	1,727
B.C. Hydro	1,050	Citicorp	901	Norway	868	Norway	1,437
Citicorp	792	Hydro-Quebec	900	Canada	748	Australia	1,231
GMAC	765	Denmark	785	ECSC	616	ECSC	702
OKB	699	OKB	719	CNT	608	Venezuela	691
Sweden	669	ECSC	715	Finland	553	Finland	663
IADB	609	ENEL	700	Citicorp	516	Norges Kombk.	503
Ontario	550	EDF	583	New Zealand	500	Denmark	492
IBM	522	EDC	522	EDC	444	New Zealand	424
Italian Railways	517	GM/GMAC	443	OKB	434	OKB	371
Ireland	515	Ford	400	Australia	417	UK	350
Australia	509	Austria	374	Brazil	353	Sweden	348
ADB	502	Australia	338	Austria	344	Austria	326

Source: Salomon Brothers

Aiwa boosts annual net profits by 20%

BY YOKO SHIBATA IN TOKYO

AIWA, the Japanese audio equipment maker in which Sony Corporation has a 54.6 per cent stake, increased unconsolidated operating profits by 11.5 per cent to Y1.68bn ($7.5m) in the year ended November 30.

Aiwa's unconsolidated net profits rose by 20 per cent to Y858m on unconsolidated sales of Y53.34bn ($238m) up 14.7 per cent over the previous fiscal year. Per share profits were Y19.59, compared with Y19.57

The company's sales of radio-cassette tape recorders rose by 5.3 per cent to account for 38 per cent of total sales. Sales of audio equipment rose by 26.1 per cent to account for 40 per cent of the turnover, thanks to brisk sales overseas where there was a 34 per cent increase. Sales of portable stereo cassette tape recorders rose by 85.6 per cent to account for 17.5 per cent of the total.

The company also started production of profitable video tape recorders in the year as a supplier of original equipment to Sony.

VTR sales amounted to Y763m to account for 1.4 per cent of the total turnover.

Exports gained by 27.3 per cent to account for 47 per cent of turnover but because of the yen's appreciation against the major European currencies operating profits were squeezed by Y1.8bn. However, increased production of portable cassette tape recorders and profitable VTR sales helped earnings.

In the current fiscal year sales of audio related equipment are expected to remain unchanged while VTR sales to Sony are expected to reach Y10bn.

As a result, full year operating profits are expected to reach Y1.85bn, up 10 per cent and net profits are projected at Y900m, up 5 per cent. Sales are forecast at Y64.5bn, up 21 per cent.

● Trio-Kenwood, the Japanese audio equipment maker, suffered a net loss of Y325m ($1.4m) in the first half year ended November 30, compared with a Y408m profit in the corresponding period of 1980, Reuter reports from Tokyo. This sharp reversal in earnings took place against the background of an increase in sales from Y30.1bn to Y32.2bn.

Bernard Simon in Johannesburg reports on a study of foreign shareholdings in South African mining groups

Diamond fears drive foreigners from De Beers

EUROPEAN INVESTORS increased their holding of South African mining shares in 1981 at the expense of U.S. shareholders, according to a report on foreign portfolio investment in South African mining companies compiled by Davis, Borkum, Hare, a firm of Johannesburg stockbrokers.

However, both U.S. and European investors have been large sellers of De Beers' shares in the past two years as fears have mounted over the effectiveness of its future control of the diamond market.

The proportion of foreign shareholders in De Beers slipped from 46.7 per cent in October 1979 to 40.3 per cent two years later. South African institutions, however, have been willing buyers, thereby preventing a sharp decline in De Beers' share price.

The findings of the Davis, Borkum, Hare report confirm the [illegible] of many stock market [illegible] that the fall in the b[illegible] price since early 1980 has [illegible]sed greater alarm among U.S. investors than their European counterparts. A partner in a leading Johannesburg stockbroking firm said yesterday that Europeans, particularly the Swiss, "have adopted a more bullish approach. They think that the drop is temporary."

According to the study, the total value of foreign portfolio investment in the South African mining industry, measured by market capitalisation, stood at around R13bn ($13.4bn) last October. Of this sum, R8.2bn was invested in gold mines.

U.S. investment in the gold mines totalled R5.5bn, accounting for some 27 per cent of total shareholdings, which was four times its value in 1977.

Although the study is a thorough analysis of mining companies' share registers, it does have several shortcomings. It excludes foreigners' indirect beneficial shareholdings, which in some cases are substantial.

Further, the compilers have had to estimate the extent to which shares owned by non-residents are registered in the names of South African nominee companies.

Also, as it is restricted to investment in companies listed on the Johannesburg Stock Exchange, the survey understates foreign involvement in the South African mining industry.

BP, Shell and Total, a subsidiary of Compagnie Francaise des Petroles, have sizeable coal mining interests. Newmont Mining of the U.S. employs more than 7,000 at its copper and lead mines in South Africa and Namibia while other foreign companies with substantial unlisted mining investments include Phelps Dodge of the U.S., Bayer of West Germany and Pechiney Ugine Kuhlmann of France.

Several listed gold mining companies are more than 50 per cent owned by foreigners with Blyvooruitzicht, Durban Deep and East Rand Proprietary Mines (ERPM) held more than 62 per cent by non-South Africans, The foreign shareholding in Blyvooruitzicht jumped from 50.3 per cent in 1977 to 64.6pc in 1981.

Blyvooruitzicht is one of several short-life mines which pay a relatively high dividend, making them attractive to foreign investors who buy shares through South Africa's cheap investment currency, the financial rand, but are able to remit dividends at the commercial exchange rate.

According to Davis, Borkum, Hare, the 10 most popular gold stocks among U.S. investors are Blyvooruitzicht, Durban Deep, Bracken, Loraine, Elsburg, Free State Geduld, Venterspost, Grootvlei, Randfontein and Doornfontein. The U.S. interest in these mines ranges from 35 per cent to 53 per cent.

Despite these large foreign investments, there is little likelihood of outsiders wresting control of the mines from the South African mining houses which manage their operations. Foreign shareholdings, particularly in the U.S., are widely dispersed and it is doubtful whether other companies would have the expertise to run the mines, even if they wished to.

Although the South African Government allows foreign control in other sectors of the mining industry, it is doubtful whether it would allow a foreign company to acquire direct control of a large gold mine.

Foreign investment in the mining industry is far heavier than in most other sectors of the South African economy, with the exception of the oil, motor and pharmaceutical industries.

The high cost of establishing mines long ago prompted the mining houses to raise capital abroad, and most are listed on European stock exchanges.

FOREIGN OWNERSHIP OF SOUTH AFRICAN MINES (% at October 31)

	1977	1980	1981
South African gold mines (total)	37.7	38.4	39.9
Anglo American Corporation*	33.0	24.9	23.7
De Beers	43.8	45.2	40.3
Rustenburg Platinum	9.9	23.0	24.8

* Reflects Charter Consolidated's sale of interest

U.S. SHARE OF FOREIGN TOTAL (%)

	1977	1980	1981
South African gold mines (total)	26.3	27.0	26.5
Anglo American Corporation	n.a.	7.6	6.9
De Beers	n.a.	15.8	11.8
Rustenburg Platinum	n.a.	18.5	20.7

Source: Foreign Holdings in South African Mining Companies, published by Davis, Borkum, Hare, Johannesburg.

APPOINTMENTS

IDV Group changes

Mr Ian Ritchie has been appointed managing director of wine and spirit merchant PETER DOMINIC. He was finance director, and succeeds Mr Barry Sutton who becomes purchasing and production director. Personnel director Mr Collin Gordon will add the responsibility of the finance department to his current role.

Mr Pat Lloyd has been appointed chairman of W AND A GILBEY, succeeding Mr Lloyd Richards. *From March 1 he will* become responsible for trade relations and will progressively represent the company's interest in the activities of the Wine and Spirit Association. Mr Lloyd, currently chairman of the Institute of Master of Wines, will remain in charge of quality control. Distribution director Mr Harry Whittle will add to his current brief responsibilities for co-ordinating computing activities.

Both companies are members of the IDV Group.

★

Mr C. Stewart S. Lyon has been elected president of the INSTITUTE OF ACTUARIES in succession to Mr Antony R. N. Ratcliff, whose term of office will expire on June 28. Mr Lyon is the chief actuary of Legal and General Assurance Society and a director and general manager (finance) of Legal and General Group.

★

Mr E. C. Hall has been appointed joint managing director of ULTRAMAR GOLDEN EAGLE, UK marketing subsidiary of the Ultramar Group.

★

Mr B. G. Levy and Mr J. S. W. Martin have been appointed directors of B. ELLIOTT AND CO. Mr B. G. Levy is group development director and Mr J. S. W. Martin is chairman of two wholly owned subsidiary companies, The Butler Machine Tool Company and Halifax Rack and Screw Cutting Company.

★

Dr John T. Harvey, managing director of UNION CARBIDE UK, has taken over the additional responsibility of direct management control of the company's carbon products division. This role was performed by Mr John Brannan, the general manager of the division, who has joined Union Carbide Europe, based in Geneva.

★

KARRIER MOTORS, the former Dodge company which is now 50 per cent owned by Renault Vehicules Industriels, has made Mr Eric Butterfield director of purchasing. He has joined from the purchasing division of former Dodge parent Talbot Motors at Coventry, where he was responsible for truck materials supply.

★

Mr P. G. Shaw and Mr J. A. White have been appointed to the board of HICKSON'S TIMBER PRODUCTS, a subsidiary of Hickson and Welch (Holdings).

★

Mr Lewis Evans has been made manager of the Collingwood Street, Newcastle upon Tyne branch of LLOYDS BANK in succession to Mr Bernard Wyllie.

★

Mr Peter J. Walters has been appointed managing director designate of parcels carrier, ATLAS EXPRESS. He was on the operating board of United *Carriers. Mr Walters will take* control fully on March 1 succeeding Mr F. R. Robinson.

★

CLARKE GROUP has appointed four associate directors to the Clarke Housing Group: Mr Raymond Hill, commercial director; Mr Roy Canning, regional sales director — Midlands; Mr Ken Payne, regional land director—Southern and Mr Colin Wilkinson, regional sales director—Southern. Clarke Construction, also a member of the Clarke Group, has appointed Mr Walter Stevenson as regional director for the Midlands division. Mr Stevenson was production director.

★

Mr H. Morley has retired from his executive duties in the BRIDON GROUP, but remains a director of Bridon Limited. Mr J. Churchfield, while retaining his existing position as managing director of the Templeborough Rolling Mills, has taken over Mr Morley's executive responsibilities in respect of Bridon's engineering companies — Danite Hard Metals and the Darlington Fencing Company, both of Doncaster, and Morlock Industries of Wombourn, near Wolverhampton, as well as Bridon's interests in Ashlow of Rotherham.

★

McCOMBE ACCOUNTANCY RECRUITMENT has appointed Mr Harold James director with special responsibility for the recruitment of both permanent and temporary accountancy staff.

★

HEALDS DAIRIES has made the following appointments: Mr I. K. Anderson, financial director, Mr K. Farrell, production director, and Mr D. T. Jones, retail director.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA Tel. 01-920 0776 Telex 887281

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ... £14.30 14.31 ... —

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933

[illegible]

CURRENCIES, MONEY and GOLD

Nervous trading

The dollar was firmer in currency markets yesterday in nervous trading. The market was again dominated by uncertainty over future interest rate trends, *with U.S. rates looking firmer* and European rates easier. However central bank intervention was again a calming influence, helping to rule out the more erratic movements.

Sterling showed little overall movement and traded within quite a narrow band. There was however a reasonable amount of business within that band. There appeared to be little reaction to lower domestic rates.

Currencies within the European Monetary System were hardly changed with the Dutch guilder remaining the strongest currency and the Belgian franc the weakest.

DOLLAR — Trade weighted index (Bank of England) 109.1 against 108.7 on Tuesday and 111.1 six months ago. Three month Treasury bills 12.60 per cent (14.95 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month) — The dollar closed at DM 2.3080 against the D-mark up from DM 2.2950 and SwFr 1.8610 compared with SwFr 1.8475. It was also higher against the *Japanese yen, closing at Y225.5* against Y224.5.

STERLING—Trade weighted index 91.4 against 91.3 at noon, 91.4 in the morning and 91.5 at the previous close (92.3 six months ago). Three month interbank 15 per cent (14 3/32 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8875 against the dollar and touched a low of $1.8815 in the afternoon before touching a best level of $1.8915 and closing at $1.8840-1.8850, a *fall of 1.05c. Against the D-mark* it finished at DM 4.3525 up from DM 4.3500 and SwFr 3.5100 compared with SwFr 3.5050.

D-MARK — EMS member (second weakest) Trade weighted index *121.8 against 122.0 on* Tuesday and 111.1 six months ago. Three month interbank 10.40 per cent (12.925 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month)—Further Bundesbank intervention only slowed the dollar's rise in Frankfurt yesterday. At the fixing *it* was quoted at DM 2.3040, up from DM 2.2872 with the Bundesbank selling a further $50m at the fixing after $52.15m on Tuesday and $102.3m on Monday. The D-mark was undermined by rumours of a possible cut in lending rates although market opinion remained divided as to the exact timing of such a move. Sterling rose to DM4.34 from DM4.3310 and the French franc to DM 39.32 per FFr 100 from DM 39.31. This Swiss franc was lower at DM 1.2408 from DM 1.2410.

BELGIAN FRANC — EMS member (weakest). Trade weighted index 104.7 against 104.6 on Tuesday and 104.8 six months ago. Three month Treasury bills 15 per cent (16½ per cent six months ago). Annual inflation 8.1 per cent *(7.8 per cent previous month)*—Figures released yesterday showed that the Belgian authorities spent the equivalent of BFr 2bn supporting the Belgian franc last week. This was sharply down from the previous week's figure of BFr 6.6bn. The Belgian franc was mostly firmer within the EMS at yesterday's fixing in Brussels. The D-mark slipped to BFr 17.0125 from BFr 17.0490 and the French franc to BFr 6.6925 from BFr 6.7115. The dollar rose to BFr 39.21 from BFr 38.9775, however, and sterling to BFr 73.92 against BFr 73.85.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	41.6338	+2.15	+1.15	±1.5368
Danish Krone ...	7.91117	7.99676	+1.08	+0.08	±1.6412
German D-Mark	2.40989	2.44556	+1.48	+0.48	±1.1077
French Franc ...	6.17443	6.21894	+0.72	−0.28	±1.3733
Dutch Guilder ...	2.66382	2.68027	+0.62	−0.38	±1.5063
Irish Punt	0.684452	0.693058	+1.26	+0.26	±1.6688
Italian Lira	1300.67	1309.10	+0.65	+0.44	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 20 ... . 0.563062

EXCHANGE CROSS RATES

Jan. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.885	4.353	425.0	11.056	3.510	4.763	2321.	2.251	74.00
U.S. Dollar	0.531	1.	2.310	225.5	5.866	1.863	2.527	1232.	1.194	39.27
Deutschemark	0.230	0.433	1.	97.65	2.540	0.806	1.094	533.3	0.517	17.00
Japanese Yen 1,000	2.353	4.434	10.24	1000.	26.01	8.259	11.21	5461.	5.296	174.1
French Franc 10	0.905	1.705	3.937	384.4	10.	3.175	4.308	2100.	2.036	66.94
Swiss Franc	0.285	0.537	1.240	121.1	3.150	1.	1.357	661.3	0.641	21.08
Dutch Guilder	0.210	0.396	0.914	89.24	2.321	0.737	1.	487.3	0.473	15.54
Italian Lira 1,000	0.431	0.812	1.875	183.1	4.763	1.512	2.052	1000.	0.970	31.88
Canadian Dollar	0.444	0.837	1.934	188.8	4.912	1.560	2.116	1031.	1.	32.88
Belgian Franc 100	1.351	2.547	5.882	574.3	14.94	4.743	6.436	3135.	3.041	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 5/16	offer 14 7/16	bid 15	offer 15 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅞-16⅛	13⅝-13⅞	12-14	10⅛-10¼	2¼-2¾	9-9⅛	15-16⅛	18-23	15-16⅛	5½-5¾
7 days' notice ..	14⅞-15⅛	13¾-14	12-14	10⅛-10⅜	2¾-3¼	9¼-9½	15-15¼	22¼-24⅝	16¼-19	6-6⅛
Month	14⅞-15	13¾-14	14½-14⅞	10¼-10⅜	7 7/16-7 9/16	10-10⅛	15-15¼	20¾-21¾	19-20½	6¼-6⅜
Three months	14⅞-15	14⅜-14⅝	15⅛-15½	10⅜-10½	8 3/16-8 5/16	10-10⅛	15⅝-15⅞	22⅛-22⅞	20½-21¼	6⅛-6⅜
Six months	14⅞-15	15-15¼	16 1/16-16 3/16	10 3/16-10 5/16	8⅜-8½	10 1/16-10 3/16	16¾-17	23-23¾	20½-21⅜	[illegible]
One Year	15-15⅛	15⅜-15⅝	16¼-16⅝	10 7/16-10⅝	7 13/16-8 1/16	10⅛-10¼	17½-18	23¾-24⅞	18¾-19⅝	[illegible]

SDR linked deposits one month 12¾-12⅞ per cent; three months 12⅞-13⅛ per cent; six months 13½-13⅝ per cent; one year 13 7/16-13 11/16 per cent.
ECU linked deposits: one month 14-14⅛ per cent; three months 14 7/16-14 11/16 per cent; six months 14⅝-15 per cent; one year 14⅝-15 per cent.
Asian $ (closing rates in Singapore): one month 13⅜-13¾ per cent; three months 14⅜-14½ per cent; six months 15⅛-15¼ per cent; one year 15⅛-15⅜ per cent.
Long-term Eurodollar two years 15⅝-15⅞ per cent; three years 15¾-16 per cent; four years 15¾-16 per cent; five years 15⅞-16⅛ per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 13.50-13.60 per cent; three months 14.05-14.15 per cent; six months 14.85-14.95 per cent; one year 15.20-15.30 per cent.

MONEY MARKETS

London rates ease

London clearing bank base lending rates 14½ per cent (since December 4)

The Bank of England trimmed a further one eighth of a point from its dealing rates yesterday, *buying bills in all four bands as* low as 14⅛ per cent and although money rates were mostly easier as a result, there was no widespread euphoria in the market. Opinions seemed divided, with some seeing the authorities' latest tactics as a means of simply accelerating the flow of bills, given the current shortage of short term funds while others were trying to read them as a move to a general reduction in interest rates. However with U.S. Federal funds trading yesterday at over 14 per cent, the scope for downward movement may be limited.

Yesterday's shortage was exacerbated by recent sales of Government stock, with the Bank of England giving an early forecast of a shortage of £600m, later revised to £700m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills—£75m and Exchequer transactions —£595m. Overnight funds in the interbank market opened at 14½-14⅝ per cent and eased to 14½-14⅝ per cent before rising sharply to 20 per cent as the Bank only partly alleviated the shortage in the morning. Later balances were taken down to 5 per cent however.

The Bank gave help in the morning by buying £485m of bills. These comprised, in band 1 (up to 14 days), £6m *of local* authority bills at 14⅛ per cent and £85m eligible bank bills at 14⅛-14¼ per cent. In band 2 (15-33 days) it bought £311m of eligible bank bills at 14⅛-14¼ per cent and in band 3 (34-63 days) £67m eligible bank bills at 14⅛-14 3/16 per cent. In band 4 (64-91 days) it bought £12m of local authority bills at 14⅛ per cent and £4m eligible bank bills at 14⅛ per cent.

During the afternoon the Bank gave further assistance of £183m making a grand total of £668m. The afternoon help comprised purchases of £27m of eligible bank bills in band 1 at 14⅛ per cent and in band 2 £10m of Treasury bills at 14⅛ per cent and £61m of eligible bank bills at 14⅛ per cent. In Band 4 it bought £18m local authority bills and £3m eligible bank bills all at 14⅛ per cent. The Bank also entered into a sale and repurchase agreement on £64m of bills at 14¼-14⅜ per cent, unwinding on January 27.

In Frankfurt call money was quoted at 9.5 per cent, reflecting continued high liquidity levels. Comments by West German Economics Minister Herr Otto Lambsdorff that he expects the Bundesbank to lower interest rates came only 24 hours before the Bundesbank's regular fortnightly meeting of the central council although the market was unsure as to whether the authorities would take this opportunity to reduce key lending rates.

MONEY RATES

NEW YORK	
Prime rate	15¾
Fed. funds	13¾-14¼
Treasury bills (13-week)	12.80
Treasury bills (26-week)	13.08
GERMANY	
Special Lombard	10.50
Overnight rate	9.50
One month	10.45
Three months	10.40
Six months	10.335
FRANCE	
Intervention rate	14.75
Overnight rate	15.0625
One month	15.25
Three months	15.50
Six months	15.1875
JAPAN	
Discount rate	5.50
Call (unconditional)	6.6875
Bill discount (three-month)	6.5375

LONDON MONEY RATES

Jan. 20 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	5-20	14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or ...	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	15-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	15-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	14⅞-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	14⅞-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	14⅞-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	14⅞-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15⅛ per cent; four years 15⅛ per cent; five years 15⅛ per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛ per cent; four months trade bills 14¾ per cent.
Approximate selling rate for one month Treasury bills 14⅛-14¼ per cent; two months 14⅛ per cent; three months 14¼-14⅛ per cent. Approximate selling rate for one month bank bills 14⅛ per cent; two months 14 per cent and three months 14⅛ per cent; one month trade bills 14¾ per cent; two months 14⅝ per cent; also three months 14⅝ per cent.
Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.5498 per cent.

THE POUND SPOT AND FORWARD

Jan 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8815-1.8915	1.8840-1.8850	0.20-0.10c pm	0.95	0.10 pm-par	0.11
Canada	2.2490-2.2600	2.2500-2.2510	par-0.10c dis	−0.27	0.25-0.40dis	−0.58
Nethlnd.	4.74½-4.77½	4.75¾-4.76¾	1⅞-1⅝c pm	4.09	4⅞-4⅝ pm	3.88
Belgium	73.70-74.10	73.95-74.05	30-50c dis	−6.49	105-125 dis	−6.22
Denmark	14.16-14.22	14.20-14.21	1⅝-⅛ore pm	1.05	1⅛-⅞ pm	0.23
Ireland	1.2265-1.2345	1.2315-1.2330	0.25-0.37p dis	−3.02	1.00-1.15dis	−3.49
W. Ger.	4.33-4.36	4.34¾-4.35¾	2-1⅞pf pm	4.82	5-4½ pm	4.36
Portugal	125.00-126.00	125.50-125.90	15-115c dis	−6.21	120-400 dis	−8.28
Spain	185.75-186.50	185.85-186.05	10-40c dis	−1.61	70-100 dis	−1.83
Italy	2,319-2,329	2,320-2,322	14-17 lire dis	−8.01	46½-49½dis	−8.23
Norway	11.05-11.09	11.06¾-11.07¾	2¾-1¾ore pm	2.30	3¾-2¾ pm	1.08
France	11.02-11.07	11.05-11.06	½-1½c dis	−0.81	3-4 dis	−1.27
Sweden	10.60-10.64	10.62½-10.63½	2⅞-1⅞ore pm	1.97	5⅞-4⅞ pm	1.97
Japan	422-427	424½-425½	3.25-2.95y pm	8.75	8.50-8.25 pm	7.88
Austria	30.35-30.55	30.45-30.50	14½-11gro pm	5.02	38-31½ pm	4.56
Switz.	3.48-3.52	3.50½-3.51½	2⅜-1⅞c pm	7.26	4⅞-5⅞ pm	6.41

Belgian rate is for convertible francs. Financial franc 82.50-82.60. Six-month forward dollar 0.50-0.60c dis, 12-month 0.85-1.00c dis.

THE DOLLAR SPOT AND FORWARD

Jan 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8815-1.8915	1.8840-1.8850	0.20-0.10c pm	0.95	0.10 pm-par	0.11
Ireland†	1.5220-1.5360	1.5320-1.5340	0.55-0.45c pm	3.92	1.47-1.32 pm	3.64
Canada	1.1945-1.1961	1.1945-1.1950	0.06-0.09c dis	−0.75	0.14-0.19dis	−0.55
Nethlnd.	2.5180-2.5300	2.5240-2.5270	0.79-0.69c pm	3.51	2.50-2.40 pm	3.88
Belgium	39.13-39.30	39.25-39.27	20-24c dis	−6.73	57-66 dis	−6.47
Denmark	7.5125-7.5470	7.5300-7.5360	par-⅛ore dis	−0.20	par-½ dis	−0.12
W. Ger.	2.2975-2.3110	2.3075-2.3085	0.77-0.73pf pm	3.90	2.48-2.43 pm	4.25
Portugal	66.50-66.80	66.60-66.80	25-85c dis	−9.89	70-210 dis	−8.39
Spain	98.60-98.95	98.70-98.75	20-30c dis	−3.03	50-65 dis	−2.33
Italy	1,230-1,235½	1,233-1,234	7½-8½ lire dis	−7.78	23-25 dis	−7.78
Norway	5.8620-5.8830	5.8780-5.8830	1.00-0.80ore pm	1.83	1.35-0.95 pm	0.78
France	5.8450-5.8700	5.8650-5.8700	0.60-0.75c dis	−1.38	1.80-2.10dis	−1.33
Sweden	5.6270-5.6470	5.6450-5.6470	0.65-0.45ore pm	1.17	2.45-2.25 pm	1.66
Japan	224.00-225.70	225.45-225.55	1.55-1.40y pm	7.85	4.35-4.20 pm	7.58
Austria	16.09-16.20	16.18-16.19	6½-5½gro pm	4.36	18½-16½ pm	4.38
Switz.	1.8470-1.8650	1.8605-1.8615	1.05-0.95c pm	6.45	2.81-2.71 pm	5.93

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	−32.5
U.S. dollar	109.1	+2.4
Canadian dollar	88.5	−16.7
Austrian schilling ..	116.3	+24.6
Belgian franc	104.7	+7.8
Danish kroner	86.2	−11.0
Deutsche mark	121.8	+43.1
Swiss franc	151.9	+102.5
Guilder	114.4	+19.8
French franc	80.1	−15.0
Lira	55.2	−57.5
Yen	143.8	+36.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.609138	0.564943
U.S. $	12	1.15450	1.06589
Canadian $	14.81	1.37813	1.27545
Austria Sch.	6¾	18.5032	17.1288
Belgian F.	14	44.9995	41.6483
Danish Kr.	11	8.69123	7.96301
D'mark	7½	2.64057	2.44460
Guilder	9	2.89802	2.67705
French Fr.	9½	6.71630	6.21755
Lira	19	1414.26	1309.13
Yen	5½	259.647	239.357
Norwgn. Kr.	9	6.73997	6.23929
Spanish Pts.	8	113.307	104.944
Swedish Kr.	11	6.47156	5.99527
Swiss Fr.	6	2.12774	1.96926
Greek Dr'ch.	20½	—	62.7313

OTHER CURRENCIES

Jan. 20	£	$		Note Rates
Argentina Peso ...	18,688-18,708†	9,900-9,950†	Austria	[illegible]
Australia Dollar ...	1.6945-1.6965	0.8975-0.8980	Belgium	[illegible]
Brazil Cruzeiro ...	247.98-248.98	131.56-132.22	Denmark	[illegible]
Finland Markka ...	8.314-8.352	4.4150-4.4180	France	[illegible]
Greek Drachma ...	109.016-112.853	58.90-59.20	Germany	4.32-4.36
Hong Kong Dollar	10.95½-10.97½	5.81-5.82	Italy	2380-2430
Iran Rial	150.80*	79.50*	Japan	424-429
Kuwait Dinar (KD)	0.532-0.538	0.2835-0.2837	Netherlands	4.73¼-4.77¼
Luxembourg Fr. ...	73.95-74.05	39.25-39.27	Norway	11.08-11.18
Malaysia Dollar ...	4.2675-4.2775	2.2630-2.2650	Portugal	124-133
New Zealand Dlr.	2.3220-2.3240	1.2295-1.2305	Spain	185½-196
Saudi Arab. Riyal	6.42-6.48	3.4195-3.4215	Sweden	10.58-10.68
Singapore Dollar	3.9025-3.9125	2.0690-2.0720	Switzerland	3.48¼-3.52¼
Sth. African Rand	1.8195-1.8215	0.9655-0.9665	United States ...	1.87½-1.89½
U.A.E. Dirham ...	6.90-6.96	3.6710-3.6730	Yugoslavia	88½-94½

† Now one rate. * Selling rate.

GOLD

Weaker trend

Gold closed $2¼ an ounce lower than Tuesday's closing level in the London bullion market yesterday at $372½-373½. It was *firmer than its opening level of* $371½-372½ however and finished close to its best level of the day of $373-374. Trading remained light and generally featureless.

In Paris the 12½ kilo bar was fixed at FFr 69,995 per kilo ($370.94 per ounce) in the afternoon compared with FFr 70,000 ($372.17) in the morning and FFr 70,055 ($374.54) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,585 per kilo ($372.98 per ounce) against DM 27,865 ($379.03) previously and closed at $372½-373½ from $375-376.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $372.75 against $377.50 on Tuesday.

In Zurich gold finished at $371-374 compared with $374-377 on Tuesday.

	Jan. 20		Jan. 19	
Gold Bullion (fine ounce)				
Close	$372½-373½	(£197¼-197¾)	$375-376	(£197½-198)
Opening	$371½-372½	(£196¾-197¼)	$375½-376½	(£198¾-199¼)
Morning fixing ...	$371.75	(£197.006)	$377.25	(£199.077)
Afternoon fixing	$371.50	(£197.114)	$375.25	(£197.812)
Gold Coins				
Krugerrand	$382½-383½	(£203-203½)	$385-386	(£203¼-203¾)
1/2 Krugerrand ...	$197-198	(£104½-105)	$198½-199½	(£104¾-105¼)
1/4 Krugerrand ...	$100½-101½	(£53¼-53¾)	$101-102	(£53¼-53¾)
1/10 Krugerrand	$41-42	(£21¾-22¼)	$41¼-42¼	(£21¾-22¼)
Mapleleaf	$384½-385½	(£204-204½)	$387-388	(£204¼-204¾)
New Sovereigns .	$91¼-91¾	(£48½-48¾)	$91¾-92¼	(£48½-48¾)
King Sovereigns .	$104½-105½	(£55¼-55¾)	$104-105	(£54¾-55¼)
Victoria Sovs.	$104½-105½	(£55¼-55¾)	$104-105	(£54¾-55¼)
French 20s	$89-99	(£47¼-52½)	$89-99	(£47-52¼)
50 pesos Mexico	$460-464	(£244-246)	$463-467	(£244½-245½)
100 Cor. Austria .	$362-365	(£192-193¾)	$364-367	(£192¼-193¾)
$20 Eagles	$499-504	(£264¾-267¼)	$502-508	265-268¼

TECHNOLOGY

EDITED BY ALAN CANE

Fiery furnace of TI research

BY ALAN CANE

TUBE INVESTMENTS saw little sunshine in 1981. It lost £13.7m in the first half, saw its share price plunge below 100p before Christmas and suffered the agonies of announcing the closure of the British Aluminium plant at Invergordon.

But, occasionally, the clouds parted. Superform Metals, TI's joint company with British Aluminium took a Queen's Award for Technological Achievement for its super stretchy aluminium.

It acquired the U.S. company, King Fifth Wheel for £26m, gaining as part of the package Abar Corporation of North Carolina, a technology leader in heat treatment.

And its research and development effort, based around the laboratories at Hinxton Hall, the principal R and D centre, settled down after more than two years of intensive reassessment and change.

As Dr Peter Duncumb, director of TI Research Laboratories put it: "We have made the move from the ivory tower into business. In developing consumer goods, you cannot cut corners unless you know what you are doing."

It means that for every one of the often advanced and esoteric techniques in use at Hinxton Hall—water modelling, ion carburising, differential interference contrast microscopy, there is a marketable product.

Now there is a stronger sense that both technology and Mammon must be served. One senior manager said: "There is a constant awareness that TI is a business that has to generate profits—a constant awareness that there has to be a pay-off."

That pay-off comes in unexpected ways. When TI bought King Fifth Wheel, Abar Corporation came with the deal. There could have been resentment and difficulties with the U.S. company—it was, after all, a distinguished high technology specialist in its own right, one of the leading manufacturer's of vacuum heat-treatment furnaces.

In fact, a rapport has developed between Hinxton Hall and the Abar technologists based on one of Hinxton's major specialities, electron probe microanalysis.

Abar builds equipment used to harden the surface of steels. The fancy name is plasma carburising or nitriding—all it means is that carbon or nitrogen ions are driven into the surface of the steel in a furnace and under vacuum.

Such hardening is essential for a wide range of steel components including gears and casings.

The traditional method—gas carburising—is expensive in energy and very messy.

Plasma carburising gives shorter cycle times, uses 80 per cent less gas, reduces maintenance costs and heat pollution, according to Abar.

The company is now investigating the feasibility of the process as a production tool. But customers must be convinced that the Abar furnace really does what the company claims.

Conventionally, metal is machined off the steel surface and analysed chemically—a crude, sometimes inaccurate and time consuming process.

The Hinxton electron probe microanalysis technique makes it possible to provide images of cross-sections through the steel surface, showing, in colour, the penetration of the carbon or nitrogen ions.

So Hinxton's work enables the Abar technologists to program the control system of their furnaces more exactly, as well as increasing their confidence in the effectiveness of their process—a vital marketing property.

That discovery, as David Melford, the laboratory's director of research put it, was purest serendipity. The new structure of Hinxton Hall, however, is designed to provide cost-effective answers to questions which involve more than one kind of technology.

Work on gas cylinder integrity and safety, a major part of TI's business is a good example. And a single technology can be made to serve a variety of problems.

Water modelling is one example. This technique uses water to simulate the flow of other liquids or gases. The structure under investigation is modelled in perspex—Hinxton has a superb model of the Bloom Reheating Furnace at Round Oak Steel Works in the West Midlands—and polystyrene particles used to reveal the flow patterns in the liquid by light scattering.

Hinxton researchers have used the technique to represent liquid steel during continuous casting simulations as well as hot gases in a domestic oven—it took a lot of clever aerodynamics before Hinxton was happy the oven would not burn the "Standard British Fairy Cake" used in testing. The resulting design was called "Gyroglo."

At present, the research and development work at Hinxton is a half-and-half mix between companies in the TI group asking for solutions, and the laboratories: "persuading market pull to happen," as David Melford put it.

Funding comes roughly 50 per cent from charging TI companies and the rest from central funds. The laboratories do a tiny amount of work for outsiders. Annual spending at Hinxton Hall is around £3m; for TI as a whole, R and D spending is about £12m, reasonable for a company with heavy capital commitments and a large interest in consumer goods.

The collapse of the ivory tower has left Hinxton leaner and sharper and it has to be; if the recession really is bottoming out, all its skills will be needed to sustain TI's push for profits.

HINXTON HALL, T.I.'s main research and development centre.

The Design and Instrumentation Department is able to deal with laboratory and plant-scale trials and experiments.

Modular system

A BUILDING management system has been introduced by BIS-Margaux (01-633 0866). System 6400 is intended for supermarkets, hospitals, offices, schools and factories.

This modular system is based on several microprocessor control units situated around the building. These are connected to the master unit which controls communication between modules and monitors for system faults.

The master unit can be situated many miles from the building under control since it can communicate over ordinary telephone lines.

The modules connected to the main microprocessor unit control individually lighting, heating, ventilation, refrigeration, heat pumps and other power consuming equipment.

Up to 256 modules can be connected to the system. The modules vary from term temperature based units which monitor and control heating and cooling functions, to power protection and light level controllers.

Hydraulic three tonnes capacity winch

AN hydraulically operated three tonnes capacity winch able to pull up to 1 km of conductor has been introduced by the Thompson Winches Division of Sykes Pumps, Charlton, London.

The unit has a line pull of up to 3,000 kg at infinitely variable speeds up to 100m/min. It is available with three separate drums for hauling three 8mm diameter pilot ropes of 1.500mm or for larger cables through a steel drum for up to 2,000m or 14mm wire.

Details from 01-858 8121.

Bondspeed launch in France and Germany

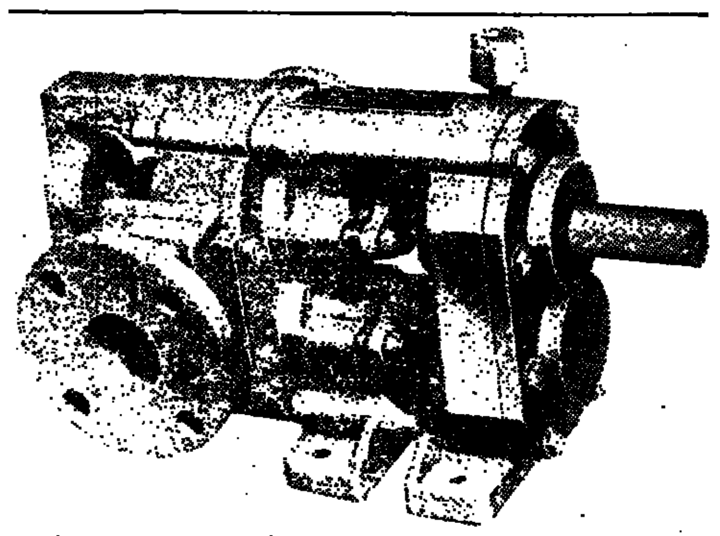
BONDSPEED of Doncaster is to introduce its one-step bare metal to topcoat bond to French vehicle body repairers next month and a few weeks later in West Germany. The company has also had more than 500 inquiries from the North American market. Technical details from 0302 68652.

Forktruck for long laden containers

KALMAR LMV Forktrucks of Peterborough (0733 236 000) has introduced a fortruck with a long reach top frame to handle 20 to 40 ft long laden containers. It is capable of stacking four rows of containers from a single gangway with capacities of 35 tonnes on the inner rows and 15 tonnes on the outers.

Avery launches labelling system

A LABELLING system able to deal with 280 titles and unit prices, programmed, stored and printed on labels with prepack weights, date and price, has been introduced by Avery. More from the company at Smethwick, Warley, West Midlands (021 558 1112).



U.S.-designed non-meshing pumps available in UK

MD Lobe-Line non-meshing pumps able to deliver at up to 10 Bar at low operating speeds are now available in the UK.

The pumps — 15 types are available — and designed in the U.S. will handle heavy oils, sludge, abrasive slurries, food and offal waste, tar and paint at a wide range of temperatures.

The pumps are available with ductile iron or stainless steel fluid chambers in single lobe configuration for abrasive materials and dual lobe for low viscosity materials.

Solids up to 125 mm can be handled offering discharge performances from 22 to 1,800 litres per minute.

Full technical information is available either from Roots Systems, Stroud, Gloucestershire (045382 6581) or Consil Engineering, 71 Great Portland Street, London, W1 (01-636 3477).

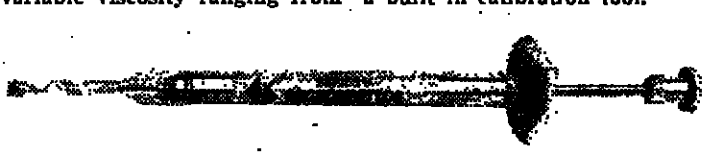
'Unbreakable' micropipettors

DESCRIBED AS "virtually unbreakable," the U.S.-manufactured range of Labindustries micropipettors is now available in the UK from Gallenkamp, Technico House, Christopher Street, London EC2 (01-247 3211).

The positive displacement pipettors can handle liquids with variable viscosity ranging from petroleum jelly to ether with the same degree of reproduceability.

The tips are precision moulded in polypentene (a clear plastic with similar properties to polypropylene).

Two types are available at £27 and £65 each. Both have a built in calibration tool.



UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
4th qtr.	[illegible]	90.0	81	109.0	205.2	2,020	98
1981							
1st qtr.	96	88.9	98	112.7	174.4	2,304	100
2nd qtr.	[illegible]	89.0	94	111.3	180.6	2,507	99
3rd qtr.	100	90.8	103	110.4	185.2	2,627	96
4th qtr.						2,758	104
June*	99	90.0	98	111.7	182.7	2,552	83
July	99	88.5	100	109.7	185.4	2,582	92
Aug	99	89.9	125	111.0	185.6	2,626	98
Sept	100	90.5	83	110.6	184.7	[illegible]	97
Oct	102.[illegible]	91.5		112.1	196.7	2,729	99
Nov	100.8	90.1		110.5	210.9	2,764	104
Dec						2,782	108

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
4th qtr.	94.3	[illegible]	117.1	86.7	71.1	77.2	10.1
1981							
1st qtr.	93.7	88.4	117.2	84.2	76.2	76.8	10.9
2nd qtr.	93.4	85.9	[illegible]	84.9	79.0	76.2	14.2
3rd qtr.	94.1	89.5	[illegible]	86.3	77.8	75.6	14.3
May	93.0	88.0	[illegible]	84.0	77.0	76.0	13.8
June	94.0	89.0	[illegible]	86.0	83.0	77.0	16.3
July	94.0	89.0	[illegible]	86.0	77.0	75.0	14.5
Aug	95.0	89.0	[illegible]	86.0	77.0	76.0	12.7
Sept	94.0	90.0	[illegible]	87.0	80.0	76.0	15.6
Oct	95.0	90.0	124	87.0	86.0	76.0	13.6
Nov	93.0	90.0	121	86.0	84.0	75.0	13.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.6	111.8	+1,265	[illegible]	+222	105.2	27.90
1981							
1st qtr.		107.0					28.34
2nd qtr.							26.73
3rd qtr.							24.26
Feb	121.7	114.3	+314	55	+231	105.2	28.43
March		105.5					28.21
April		106.2					28.07
May							26.49
June							25.63
July							24.57
Aug							24.51
Sept	130.2	135.3	+13	+1	+290	100.0	23.70
Oct	133.9	126.3	+366	+5	+89	98.9	23.32
Nov	129.0	141.7	+26	+1[illegible]	+214	100.1	23.46
Dec							23.35

Trade figures for March-August not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
4th qtr.	8.8	20.2	[illegible]	+3,352	[illegible]	1,793	14
1981							
1st qtr.	6.8	8.8	12.4	+1,308	[illegible]	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	[illegible]	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,951	[illegible]	2,023	
4th qtr.				+2,184			
June	21.9	17.8	8.6	+1,164	[illegible]	674	12
July	14.2	17.2	19.8	+2,240	[illegible]	658	12
Aug	0.8	14.5	35.4	+1,246	24	659	—
Sept	9.7	22.8	34.3	+2,465	[illegible]	706	—
Oct	−4.7	20.2	24.0	+1,557	154	681	—
Nov	7.6	17.3	20.4	+ 443	85	645	—
Dec				+ 184	203		—

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT Cmdty.	Strlg.
1980							
4th qtr.	193.3	203.3	206.1	273.9	260.7	[illegible]	100.2
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	[illegible]	101.4
2nd qtr.	202.2	225.8	219.4	294.0	277.0	[illegible]	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	[illegible]	90.6
4th qtr.		237.3	229.0			[illegible]	89.7
June	205.7	229.6	221.1	295.8	280.0	245	95.4
July	207.5	233.0	222.2	297.1	279.6	275.[illegible]	92.5
Aug	210.4	236.8	224.1	299.3	277.3	257.[illegible]	91.2
Sept	211.7	237.9	225.9	301.0	279.6	260.[illegible]	88.0
Oct	212.5	238.2	227.8	303.7	282.7	259.1	88.2
Nov	214.2	236.8	229.1	306.9	285.5	245.7	90.1
Dec		236.8	230.0	308.8	285.5	248.9	90.8

* Not seasonally adjusted.

Instrument to check vertical alignment

BY MAX COMMANDER

HOW to check a vertical alignment. The answer, says Survey and General Instrument of Fircroft Way, Edenbridge, Kent, is its newly developed instrument, principally designed for warehouse shelving, where alignment is important, but with, obviously, many other possible uses in industry.

The instrument incorporates a Kern GKO telescope, usually used in engineering levels, but avoids the problems associated with setting up a theodolite.

The instrument (it does not seem to have a brand name) is fixed to a suitable steel upright by two permanent magnets. Other fixing is possible and the upright does not need to be vertical.

The instrument is then positioned with reference to a circular spirit level (shown in the diagram). The turntable can then be levelled accurately using two sets of adjustment screws and another spirit level which can be rotated through 90 degrees.

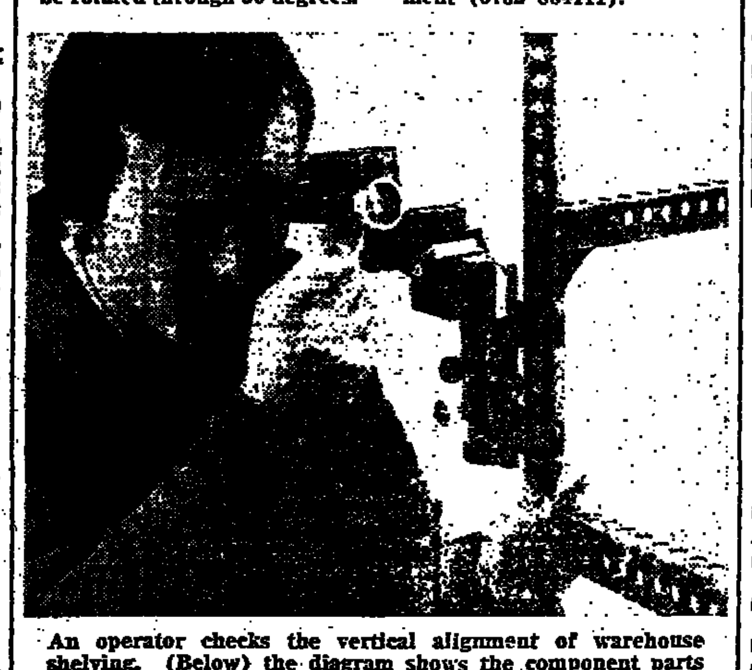
As a result, the telescope, mounted perpendicularly to the turntable is constrained to scan the vertical plane. This is chosen approximately by rotating the telescope mounting, and then, more accurately, by use of the fine adjustment screw.

By focusing on details of the item to be plumbed at top and bottom the vertical can be checked and corrected without the need for specially designed targets.

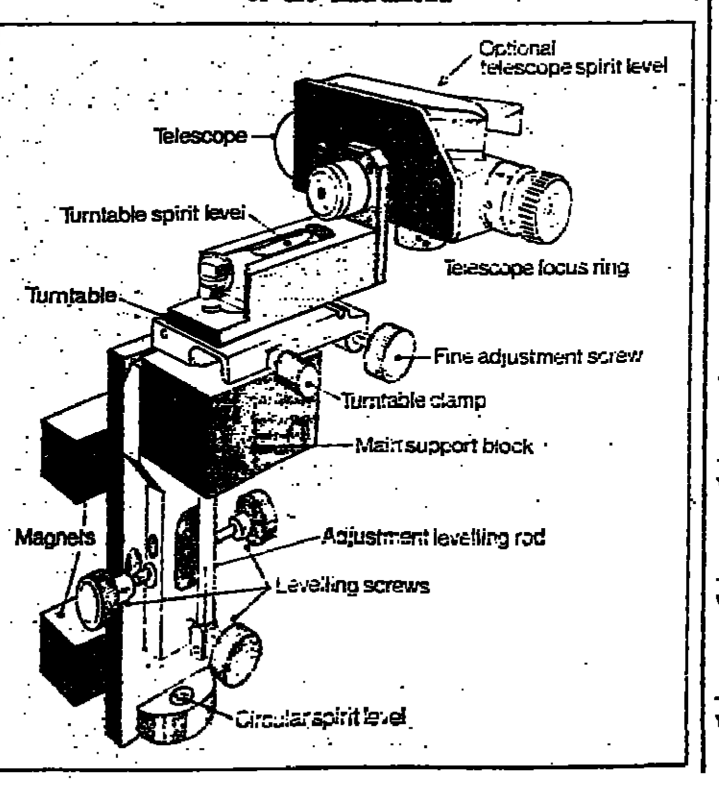
The company says that an additional spirit level can be included adjacent to the telescope and used to define a horizontal line along the sight of the telescope. It is possible to plumb installations to a height or distance of 100 ft.

At £382.70, it is considerably cheaper than a conventional theodolite. I shall call it the "Vertix" unless the company can think of anything better.

Full details from the Technical Instrument Division of Survey and General Instrument (0732 864111).



An operator checks the vertical alignment of warehouse shelving. (Below) the diagram shows the component parts of the instrument.



WORLD STOCK MARKETS

Easier early Wall St tendency

STOCKS ON Wall Street tended to drift easier in a fair turnover yesterday morning as investors kept a wary eye on the Bond market, which was also moving modestly lower.

The Dow Jones Industrial Average, which lost 7.71 on Tuesday, slipped 3.04 more to 844.37 at 1 pm. The NYSE All Common Index was 34 cents lower at $66.85, while falls led rises by a seven-to-five margin. Trading volume increased to 34.91m shares from the previous day's 1 pm level of 31.64m.

Fears that interest rates may soon turn higher are inhibiting both the Stock and Bond markets, analysts said. These worries were increased by a rise in the Federal Funds rate, on overnight loans between banks, to a high of 14¼ per cent from last night's close of 13½.

Chemical, Oil, Mining and Rail stocks were weak, but Computer and Aerospace issues showed strength.

Cocoa-Cola's agreement to acquire Columbia Pictures for stock and cash continued to produce the biggest price moves. Columbia shed 2½ to $60½, after soaring 20¾ on Tuesday, and Coca Cola fell 1¾ more to $30⅝. Analysts are not enthusiastic about the merger's possible effect on Coca-Cola.

Tandy was the volume leader and lost ¾ to $38. It introduced a powerful home computer on Tuesday.

General Motors declined 1 to $38¼ following news that the company failed to reach agreement with the United Auto Workers on a new contract and negotiations were recessed.

Phillips Petroleum lost 1⅞ to $37¾ in heavy trading. Its price was recently bid up on the strength of takeover speculation.

Tymshare dipped 2¾ to $20 in a continuing reaction to Tuesday's announcement that fourth-quarter earnings would be negligible.

THE AMERICAN SE Market Value Index weakened 3.28 to 291.07 at 1 pm. Volume 3.06m shares (2.54m).

Closing prices for North America were not available for this edition.

Canada

A further broad retreat was seen on Canadian markets in moderate early dealings. The Toronto Composite Index was down 13.5 more at 1,784.4 at mid-day, with all 14 sub-group indices lower. Oils and Gas shed 46.0 to 3,223.6 and Golds 14.1 to 2,401.7.

Peter Williams, technical analyst with McLeod Young Weir, predicted that the Composite index could fall to 1,500 or lower, and the bottom of the market would not be found until the second or third quarter.

Tokyo

Many internationally popular issues scored strong gains yesterday as the market received a psychological boost from an announcement of a continuous fall in the outstanding balance of margin trading debts last week.

The Nikkei-Dow Jones Average moved ahead 40.16 to 7,717.23 and the Tokyo SE index 3.44 to 571.28. However, buying was selective as reflected by rising issues only outnumbering declines by 320 to 302 on the First Market. Turnover recorded of 280m shares was still of moderate proportions but exceeded Tuesday's 250m.

Toyota Motor advanced Y19 to Y1,010 and Toyota Motor Sales jumped the day's limit of Y100 to Y690 following a Japanese Press report that they had agreed to amalgamate, but the companies denied any such move. The report also helped to spark off buying in other Motor issues, with Honda standing out at Y805, up Y22.

Shares of companies belonging to the Matsushita group also surged ahead. Traders said the announcement on Tuesday by Matsushita Electric Industrial, up Y60 at Y1,200 yesterday, of record unconsolidated sales and earnings in the latest financial year was behind the upsurge. Victor Japan put on Y60 to Y2,720.

Investor enthusiasm for Blue Chips spread also to makers of video tape recorders and related companies that had been languishing on news of a slowdown in the hitherto spectacular sales growth. Hitachi Maxell soared Y260 and TDK Electronic Y100 to Y3,940.

Heavy Electric Machines and Precision Instruments were sharply higher, while Machinery companies related to automation systems, including Okuma Machinery, were also in demand. Hitachi climbed Y22 to Y690, Toshiba Y10 to Y386, Canon Y32 to Y920, Fuji Photo Film Y80 to Y1,380, Olympus Y50 to Y1,070 and Nippon Electric Y10 to Y830.

On the other hand, speculative issues, which bristled during the past two sessions, sagged yesterday due to the shift in attention. Sumitomo Metal Mining and Chiyoda Chemical Engineering, the recent pace setters among speculatives, were notable casualties. Foodstuffs, Steels, Ceramics, Oils, Pharmaceuticals and Constructions generally retreated.

Germany

Bourse prices were mixed with a higher bias after moderate activity, the Commerzbank index adding 2.0 at 674.0.

Brokers said that the market showed unusual resistance to weaker U.S. Bond prices and a firm dollar. They added that there was not any clear reason for this development, but some sources cited speculation over a possible cut in the special Lombard Rate, currently at 10.5 per cent. However, analysts have labled this speculation utterly baseless at present.

Engineering concern GHH, which announced a rights issue and slightly lower profits, closed on DM 0.70 lower at DM 210.30 after opening at DM 209.

In moderate turnover, Domestic Bond prices rose, with Public Authority Loan stock making gains of as much as 40 pfennigs. The Bundesbank sold DM 17.1m of paper after selling DM 31.1m on Tuesday. Sentiment in Bonds was also boosted by hopes of a cut in West German interest rates.

Australia

After a firmer start, stocks mainly lost further ground, leaving the market at its lowest level for nearly two years.

Early hopes of a rally were crushed under fresh selling pressure, and brokers said there were few signs indicating investors' bearish mood would abate in the short-term. However, yesterday's net declines were generally small amounts.

The All Ordinaries index shed 2.7 more to set a new 1981-82 low of 544.4. The index has now lost 51.1 since the start of the year. The 540-point mark is regarded as a critical resistance level, but many analysts feel that the market will collapse below this level.

Overall market leader BHP receded 16 cents to A$9.04 and Coal issue UMAL 10 cents to A$1.75.

Hong Kong

Shares slipped back from a firmer opening to end the half-day Wednesday session narrowly mixed, where changed, after another quiet trade. The Hang Seng index was a slight 1.49 off on balance at 1,397.08.

China Light continued to attract attention, but after recent strength, lost 20 cents at HK$14.20.

Johannesburg

Gold shares were a little easier on both local and overseas selling, mostly reflecting Bullion considerations rather than quarterly results.

NEW YORK

CANADA

Stock	Jan. 19	Jan. 18
AMCA Int'l	21¼	22
Abitibi	21	21
Agnico Eagle	5⅞	6⅛
Alcan Alumin	24	24¾
Algoma Steel	42¼	42¼
Asbestos	16⅝	17
Bk. Montreal	23⅝	23⅛
Bk. Nova Scotia	24¾	25
Basic Resources	4.25	4.00
Bell Canada	18¼	18⅛
Bow Valley	17⅜	17⅛
BP Canada	27½	27¾
Brascan A	22¼	22⅝
Brinco	5.50	5.50
B. C. Forest	12¼	12¼
CIL Inc.	31¾	32⅛
CadillacFairview	12⅜	12⅜
Camflo Mines	16¾	17
Can Cement	11⅛	11⅛
Can N W Lands	32½	32¼
Can Packers	32¼	32¼
Can Trusco	29	28⅛
Can Imp Bank	27½	27½
Can Pacific	37¾	38¼
Can P. Ent	16⅝	16⅞
Can Tire	33	33
Chieftain	19¾	19½
Cominco	51½	50½
Cons Bathst A	18⅝	17¾
Cont. Bk. Canada	7¼	7½
Costain	9¼	9¼
Daon Devel	4.65	4.55
Denison Mines	33¼	32⅞
Dome Mines	15¼	15½
Dome Petroleum	12⅛	12⅝
Dom Foundries A	38	37¼
Dom Stores	15⅛	15¼

BELGIUM (continued)

Jan. 20	Price Frs.	+ or −
Petrofina	4,350	−50
Royale Belge	4,350	......
Soc. Gen. Banq	2,200	+46
Soc. Gen. Belge	1,148	+2
Sofina	3,165	+5
Solvay	1,960	+30
Tracton Elect	2,260	......
UCB	1,432	−2
Union Miniere	624	−6
Vieille Mont	1,378	−22

DENMARK

Jan. 20	Price %	+ or −
Andelsbanken	126.4	......
Baltica Skand	342	−3
CopHandelsbank	137	......
D. Sukkerfab +	352	+1.5
Danske Bank	137	......
East Asiatic	129.6	−0.4
Forende Berygg.	630	......
Forenede Damp.	424	−3.4
GNT Hldg	275	+1
Jyske Bank	185	......
Nord Kabel	156	+0.4
Novo Ind	1,405	+5
Papirfabrikker	87	......
Privatbanken	137.4	......
Provinsbanken	130	......
Smidth (Fl)	270	+5
S. Berendsen	500	+5
Superfos	134.4	......

FRANCE

HOLLAND

Jan. 20	Price Fls.	+ or −
ACF Holding	78.5	+2
Ahold	60.5	+0.2
AKZO	24.7	......
ABN	286	......
AMEV	85	−0.8
AMRO	51.8	−0.2
Bredero Cert	189	+1
Boss Kalis	60	−0.7
Buhrmann-Tet	40	+0.6
Caland Hldgs	34	......
Elsevier NDU	135	−0.5
Ennia	111	−1
Euro Comm Tst	74	......
Gist. Brocades	69	+1
Heineken	50.9	+0.5
Hoogovens	16.3	+0.5
Hunter Douglas	7.0	+0.4
Int-Muller	19.4	......
KLM	87.3	−0.4
Naarde's	28.7	+0.2
Nat Ned cert	109	−0.2
Ned Cred Bank	32.5	......
Ned Mid Bank	116.5	+0.3
Ned Lloyd	134	+1.5
Oce Grinten	73.5	+1.0
Ommeren (Van)	30.2	+0.6
Pakhoed	41.4	−1.4
Philips	21.7	......
Rijn-Schelde	33.8	......
Robeco	215.5	−1.2
Rodamco	119.5	+0.4
Rolinco	211.6	−0.7
Rorento	136	......
Royal Dutch	81.8	......
Slavenburg's	72.8	+0.2
Tokyo Pac Hg	225.5	+1.5
Unilever	154	+2
Viking Res	128.5	−0.5
Vmf Stork	42	−1
VNU	58.3	+0.3

AUSTRALIA

Jan. 20	Price Aust. $	+ or −
ANZ Group	4.20	−0.05
Acrow Aust	1.5	......
Ampol Pet	1.65	......
Assoc. Pulp Pap	1.72	+0.02
Audimco	0.10	......
Aust. Cons. Ind	1.68	......
Aust Guarant	2.30	......
Aust. Nat. Inds	2.95	−0.05
Aust. Paper	2.06	+0.01
Bank NSW	2.83	+0.03
Blue Metal	1.56	......
Bond Hldgs	2.60	+0.08
Boral	2.95	......
Bl'ville Copper	1.15	......
Brambles Inds	2.40	......
Bridge Oil	4.2	......
BHP	9.04	−0.16
Brunswick Oil	0.16	−0.02
CRA	2.63	−0.02
CSR	3.58	−0.02
Carlton & Utd	2.30	......
Castlemaine Tys	3.55	−0.02
Cluff Oil (Aust)	0.68	......
Do. Opts	0.47	+0.01
Cockburn Cemt.	1.30	......
Coles (G.J)	2.30	+0.07
Comalco	1.50	......
Container	6.40	......
Costain	2.85	......
Crusader Oil	5.8	......
Dunlop	0.96	−0.02
Elder Smith G M	4.05	+0.15
Endeavour Res	0.32	−0.03
Gen Pro Trust	1.76	−0.06
Hartogen Energy	5.6	+0.1
Hooker	1.30	......
ICI Aust	1.72	−0.[illegible]
Jennings	1.28	......
Jimblana(5OcFP)	0.45	......
Jones (D)	1.65	......
Kia Ora Gold	0.11	......

JAPAN (continued)

Jan. 20	Price Yen	+ or −
Kubota	340	−2
Kumagai	370	......
Kyoto Ceramic	3,760	+40
Lion	390	+1
Maeda Cons	535	+9
Makita	870	+5
Marubeni	330	+2
Marudai	695	......
Marui	985	−7
Matsushita	1,200	+60
M'ta Elec Wrks	575	−4
M'bishi Bank	493	......
M'bishi Corp	628	+5
M'bishi Elec	334	+8
M'bishi RI Est	440	−5
MHI	250	−3
Mitsui Co.	340	−3
Mitsui RI Est	644	+9
Mitsu-kosi	420	+10
NGK Insulators	514	−10
Nippon Denso	1,030	+30
Nippon Gakki	711	+1
Nippon Meat	400	−2
Nippon [illegible]	1,020	−10
Nippon Shinpan	970	......
Nippon Steel	174	......
Nippon Suisan	268	+3
NTV	4,430	......
Nissan Motor	835	+1
Nisshin Flour	340	+2
Nisshin Steel	166	......
Nomura	564	......
NYK	309	......
Olympus	1,070	+50
Orient	1,500	+20
Pioneer	1,770	+10
Renown	799	−3
Ricoh	658	+30
Sanyo Elect	463	+14
Sapporo	253	+1
Sekisui Prefab	761	−1

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

BELGIUM/LUXEMBOURG

AUSTRIA

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

Financial Rand US$0.76 (Discount of 26%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Faroe Islands reject salmon fishing curbs

BY LARRY KLINGER IN BRUSSELS

TALKS between the EEC and the Faroe Islands on limiting the Faroes' salmon catch have again been broken off, with no date set for their resumption.

In spite of "potential" agreement on the renewal of EEC-Faroese reciprocal fishing arrangements for 1982 on a wide range of other species, the vexing and emotional question involving the salmon is still unresolved in spite of months of negotiation.

The problem, as seen from Europe, is the potential threat to the very existence of the European salmon, a fish that spawns mainly in British and Irish rivers and whose offspring then migrate to distant northern waters before returning to their mainland "homes" to reproduce.

The Faroes' annual open-sea, or so called "interceptory," catch has increased by about five times in the past couple of years to around 1,000 tonnes.

The islanders, of whom about 70 per cent are economically dependent on fishing, have offered, in return for an acceptable overall EEC fishing pact, to cut their salmon catch to 875 tonnes for the current season and to 775 in the following year. The EEC is demanding a reduction to 625 and 525 respectively.

There are some indications that the Faroes were prepared to increase their cutback offer by a further 135 tonnes for both seasons, but the talks were broken off when it became clear that the EEC was not prepared to alter its demands.

The "potential" overall EEC-Faroes agreement reached at the weekend is roughly in line with last year's, which allowed the EEC to take about 19,000 tonnes fish in Faroese waters (computed by value in cod equivalent), with the Faroes taking about 20,500 tonnes in EEC waters.

There is considerable sympathy on social grounds for the fishing-dependent Faroes, which are located in the remote North Atlantic roughly equidistant from the North of Scotland, Iceland and Norway.

But several EEC countries—especially Britain and Ireland, whose coastal and inland salmon fishing is a small but lucrative business—are continuing to block any overall EEC-Faroes pact unless there is a bigger cutback in the islanders' salmon catch.

Scientific opinion, while unsure on the immediate effect of current Faroese activity, believes that if expansion were to continue unchecked it would certainly pose a serious threat to European salmon stocks.

Meanwhile, both the EEC and the Faroes are currently represented at the talks in Reykjavik, the Icelandic capital, aimed at establishing an international convention governing salmon fishing. Also represented are the U.S., Canada, Norway and Sweden, as well as Iceland.

Florida estimate 'very high'

WASHINGTON—U.S. Agriculture Secretary John Block expects "substantial" damage to the Florida citrus crop as a result of last week's frost, but believes unofficial estimates by Florida growers of up to 25 per cent damage "might be excessive."

Mr Block said the USDA will not make disaster loans to Florida citrus growers who suffered damage. Instead, growers can receive assistance if they signed up for the new, federal all-risk crop insurance programme.

On January 11, USDA estimated the 1982 Florida orange harvest at 162m (90 lb) boxes, down from 172.4m boxes in 1981. USDA on February 10 is scheduled to give its next official Florida citrus crop estimate.

Reuter

Indonesia details coconut levy

MANILA—President Ferdinand Marcos told the national assembly a new sliding scale levy on coconut products will range from 11 per cent to 23 per cent of value, but will be suspended when prices go down to 20 US cents a pound.

The current price in New York is around 25c a pound. President Marcos had already announced the levy would no longer be at a fixed rate of 50 pesos per 100 kilos of copra.

Industry sources said they are awaiting guidelines on the new levy, which is technically paid by exporters, but which is in practice borne by every coconut farmer.

The figures show an increase in coconut oil exports to 1.05m last year from 914,008 tonnes in 1980, but a decline in value to \$533m from \$564.6m.

Total value of all coconut product exports was \$768.8m in 1981 compared with \$833.9m the previous year.

President Marcos said the main cause of the problem was that more than 50 per cent of Philippine coconut products competed in the edible oil market where they compete with a wide variety of other oils.

MARKET PROFILE: ZINC

Balancing supply and demand

BY ROY HODSON

WEST GERMANY is the bell wether of the European zinc business. Now that producer prices there for the metal have cracked this week, the impact will be felt throughout Europe and in other world markets as well.

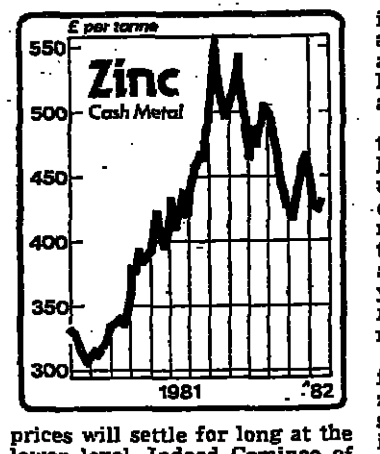
Metallgesellschaft, the leading West German producer of zinc metal, cut its price by \$75 a tonne to \$875 a tonne. Within 48 hours the second biggest producer, Preussag, was forced to follow the price down and made an identical reduction.

Stocks of zinc held worldwide are not excessive but demand is poor, particularly for such big industrial uses as galvanising and automobile parts die-casting.

The German price cuts are being seen by zinc mining companies as moving the action into the European arena after a fascinating demonstration of collective uncertainty shown recently by the United States zinc metal producers.

The 46 cents a pound level in the U.S. was suddenly breached earlier in the month with Asarco making two reductions and Noranda going down to 42 cents a pound. Texas cut the price even further at that point to a bargain basement 39 cents a pound but had second thoughts and went up again to 43 cents a pound. The U.S. producers are now jockeying round 43 cents a pound, which happens to compare almost exactly with the new price level set in West Germany.

It is not certain that producer



prices will settle for long at the lower level. Indeed Cominco of Canada has responded to the German cuts this week by announcing it will maintain its European price of \$950 a tonne. But there are undercurrents in the zinc business which suggest some fundamental reappraisals are being made of the future.

One detectable new factor is that traders are beginning to question the zinc producers' often-repeated claim that supplies of zinc concentrates (which are bought by the smelters for processing into metal form) are tight in Europe.

Certainly the long-running strike at the Tara Mine in the Irish Republic, which supplies some 10 per cent of Europe's needs in normal trading times, has helped form an impression that concentrates supplies are not plentiful in Europe. And one Spanish smelter is blaming the Tara strike for having to reduce its output of zinc. But there is a growing suspicion that talk of a concentrates shortage has been having an effect equal to an actual shortage.

A further factor causing traders and industrialists to look again at zinc is the unexpected length and severity of the U.S. recession. The U.S. now imports up to 600,000 tonnes of zinc annually as well as producting 400,000 tonnes a year. It is the biggest single market in the world for the metal.

During the last six months falling demand in the U.S. for zinc has entirely wiped out sales gains made by the metal in the first half of the year.

Worldwide zinc consumption fell by about 2 per cent last year with an 8 per cent fall in European markets. Now that final trade figures for 1981 are being assembled by the zinc industry the picture is looking gloomier than earlier forecasts and confidence is being eroded.

Trading in zinc on the London terminal market of the London Metal Exchange is another lever which recently has tended to depress zinc prices generally.

The LME cash zinc price has come back from around £550 a tonne in late 1981 to around £430 a tonne. Generally traders in that market are talking of a revival in prices. But it is too early to say.

The London market is further complicated by the activities of one of the metals trading houses which now is dominating the zinc stocks held in LME warehouses. That trader has well over 50 per cent of the 70,000 tonnes of metal held in stock. Other stocking operations by traders mean that no less than three-quarters of the total LME zinc stocks is, as they say, "well held" and therefore not available for trade circulation in the market.

That stockholding is evidence of (1) confidence among the stockists that zinc prices will rise and (2) a strongly-held view that there is not too much zinc about.

An additional source of zinc has just become available from a new Peruvian smelter which is capable of supplying an extra 100,000 tonnes a year to world markets. But the zinc from Peru is not sufficient to alter the balance significantly. The western world inventory of unsold zinc could be mopped up in less than two months should demand revive.

Thus the basic stability of the zinc market persists. Producers and processors take care to match supply and demand and thereby usually exercise a sufficient degree of control over prices to ensure that production remains profitable. It is that under-pinning of the zinc business which attracts the big metal holders on the LME.

A logical riposte by the zinc producers to the new cracks in the price facade would be to suspend or close some of their most costly mines and smelters in order to ensure that production and demand continue in balance.

Higher cotton output seen

WASHINGTON — World cotton stocks are projected to increase about 4m bales (400 lb) in 1981/82 to 27m in the light of a record world cotton crop in prospect this season and only a modest gain expected in mill use, the U.S. Agriculture Department said.

In its world agricultural supply and demand report, USDA noted world cotton production is forecast at 70.8m bales, up 5.2m from last season.

In comparison, mill use may total about 66.5m bales, up 1.5m, the department said.

The U.S., accounting for nearly 90 per cent of the increase in this year's world cotton output, should harvest a crop of 15.7m bales, 4.6m above the drought stricken 1980 crop.

Recessionary pressures and large textile imports continued to plague mill use, and consumption is now expected to total only 5.8m bales, slightly below both last month's projection and last season's poor level, USDA said.

The U.S. export estimate remained at 7m bales, inspite of prospects for reduced shipments to China in view of its large crop.

EEC sugar subsidy cut

BY OUR COMMODITIES STAFF

THE EEC Commission yesterday authorised the export of 40,500 tonnes of white sugar at a maximum export rebate of 22.914 European currency units per 100 kilos. At last week's tender the EEC approved the export of 40,900 tonnes with a maximum rebate of 23.477 units.

Traders said the amount exported was in line with expectations, although the rebate granted was slightly lower than anticipated. However, the market is more concerned with seeing what will happen at the end of the month, when producers have to declare the amount of 'C' quota sugar they are going to hold back as part of the proposed EEC stockpile of 2m tonnes.

If producers fall short of the 1.3m tonnes target, the Commission may decide to increase its surplus stock above the 670,000 tonnes level and this could mean a reduction in weekly exports. Producers are delaying until the last moment to review crop prospects following the recent cold weather spell.

Meanwhile the world market remains quiet in spite of reports of renewed Russian buying activity. Tate and Lyle director Mr Michael Attfield said yesterday the world sugar market was unlikely to have any "great excitements" in 1982, but EEC entry into the International Sugar Agreement would help stabilise prices at a higher level. He noted the present EEC price for white sugar at £360 a tonne contrasted with the world level currently around £170. Tate and Lyle profits from sugar trading last year slumped to £9.7m compared with £19.3m in 1980.

● A revolutionary edible sweetener, extracted from a by-product of cheese-making, was launched in London yesterday by Agricultural Minister, Mr Peter Walker.

The sweetener has taken five years and £1m to develop, and is produced from whey which in the past has been fed to pigs or allowed to run to waste.

The Milk Marketing Board's commercial arm, Dairy Crest, and U.S.-based Corning Glass, have set up an international company to exploit the new process.

Tin price range increase rejected

BY ROY HODSON

TIN CONSUMERS taking part in the international talks with producers in London yesterday rejected a proposed 15 per cent rise in the price range according to unofficial reports from the private talks.

Consumer members of the International Tin Council were faced with a producer plan for an immediate 15 per cent rise in the ITC price range of 29.15 to 37.89 ringgits a kilo.

The London cash price for tin widened still further against the forward price as tin prices rose in LME dealings yesterday.

The differential widened to £740 by the end of the morning ring and was £677.50 at the close. Cash tin finished at £8,625 a tonne, a rise of £155 and three months tin finished at £7,947.50 a tonne, a rise of £52.50.

The current London tin market is being influenced by the heavy buying up to the end of November for forward delivery. The influential buyer who has dominated the market for the past six months was largely responsible.

Lead, zinc, and aluminium all made progress in London trading. Lead and zinc were both affected to some extent by producer price changes and possible tightness in supplies. Lead closed at £355 a tonne for cash, a rise of £14.25, and cash zinc closed at £435.50, a rise of £5.

Aluminium for cash gained £9 to colse at £596.50 a tonne. The firmness was prompted by market feelings rather than any news of industrial recovery.

A new aluminium smelter based upon low-cost hydro-electricity has been inaugurated at Asahan, Indonesia. Jointly owned by the Indonesian government and Japanese interests, it will produce 75,000 tonnes a year of ingot at first with output rising to 225,000 tonnes a year by late 1984.

Silver prices are likely to be boosted by the U.S. decision to suspend sales of stockpiled silver at least until July, according to a new study by Metals and Minerals Research Services

It contains the calculation that the U.S. suspension will result in the average silver price next year being about \$1.50 an ounce hihger than it would otherwise have been.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices were mixed on the London Metal Exchange. Cash Tin was bid up from £8,520 to £8,650 and three months to £7,960. Copper closed at £884.5. Lead rose sharply as demand for both cash and forward metal left the three months price at £380 after a day's high of £366. Zinc rose to £448 on short covering and trade buying but fell back to close at £435.5 owing to profit-taking. Aluminium jumped from £616 to £633 in heavy trading during the morning Rings but dropped back at close at £616.5 reflecting heavy profit-taking. Nickel closed at £3,035.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Higher grade				
Cash	869.5-69.5	+3.5	858.5-9.5	—.25
3 mths	889.5-90	+3.75	888.5-9.5	—.25
Settlem't	860.5	+3.5	—	......
Cathodes				
Cash	858-60	+4.5	857-8	+1
3 months	886-7	+4	885.5-6.5	+.25
Settlem't	860	+5	—	......
U.S. Prod	—	......	*76.5-88	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £863.00, 60.00, three months £892.00, 92.50, 93.00, 92.50, 92.00, 91.50, 91.00, 90.50, 90.00, 89.50. Kerb: Higher grades: three months £890.00, 91.00, 92.00, 91.50, 91.00. Afternoon: Higher grades, three months £891.00, 91.50, 90.00, 89.00, 89.50, 89.00. Kerb: Higher grade: three months £889.00, 88.00, 87.00, 87.50, 87.00, 86.00. Turnover: 22,750 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8600-40	+155	8600-50	+155
3 months	7880-5	—25	7945-50	+52.5
Settlem't	8640	+170	—	......
Standard				
Cash	8600-40	+155	8600-50	+155
3 months	7880-5	—25	7945-50	+52.5
Settlem't	8640	+170	—	......
Straits E.	†554.10	—0.80	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,520, 60, 7, 80, 8,590: mid-Feb 8,530 and 8,580. Three months £7,850, 60, 70, 7,920, 10, 7,900, 7,890, 85, 80. Kerb: Standard, three months £7,880. Afternoon: Standard, cash £8,630, 50, late-Jan £8,630, three months £7,930, 25, 30, 50. Kerb: Standard: three months £7,950, 60, 50, 30, 50, 30, 50, 60. Turnover: 875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	354-5	+14.7	354-6	+14.2
3 months	361-2	+10.2	363.5-4	+10.5
Settlem't	355	+15	—	......
U.S. Spot	—	......	*28-34	......

Lead—Morning: Cash £352.00, 52.50, 53.00, 54.00, three months £356.00, 57.00, 58.00, 59.00, 60.00, 62.00, 63.00, 62.00, 61.00, 61.50, 62.00, 62.50. Kerb: Three months £363.00, 62.00, 63.00, 64.00, 65.00, 66.00, 67.00, 66.00, 65.00. Afternoon: Three months £361.00, 62.00, 61.00, 61.50, 62.00, 63.00, 64.00, 65.00, 63.00. Kerb: Three months £362.00, 61.00, 60.50, 60. Turnover: 14,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	432-3	+5.25	435-6	+5
3 months	432.5-3	+7.5	445-.5	+5.5
S'ment	433	+5.5	—	—
Primw'ts	—	—	*42-50	—

Zinc—Morning: Cash £434.00, 32.00, three months £446.00, 47.00, 46.00, 45.00, 44.00, 43.00, 42.00. Kerb: Three months £445.00. Afternoon: Three months £445.00, 45.50, 44.00, 43.00. Kerb: Three months £441.00, 43.00, 38.00, 37.00. Turnover: 9,150 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	607-8	+20.2	596-7	+9
3 months	632-3	+20.7	621-.5	+8.5

Aluminium—Morning: Three months £619.00, 16.00, 26.00, 30.00, 31.00, 32.00, 31.00, 30.00, 31.00, 31.50, 31.00, 30.50, 31.00, 31.50, 32.00, 33.00. Kerb: Three months £631.00, 30.00, 29.00, 28.00, 26.00, 27.00, 28.00, 29.00, 28.00. Afternoon: Three months £627.00, 28.00, 25.00, 25.50, 26.00, 25.50, 25.00, 23.00, 22.00, 22.50, 23.00, 22.00, 21.50, 21.00, 21.50, 22.00, 21.00. Kerb: Three months £621.00, 20.00, 18.00, 17.00. Turnover: 16,275 tonnes.

Nickel — Morning: Three months £3,045, 40, 50, 60. Afternoon: Three months £3,060, 50, 40, 35. Kerb: Three months £3,040. Turnover: 546 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3015-25	+52.5	2986-90	—22.5
3 months	3065-70	+45	3035-40	+14

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.4p an ounce lower for spot delivery in the London bullion market yesterday at 414.75. U.S. cent equivalents of the fixing levels were: spot 761.6c, down 8.5c; three-month 808.5c, down 8.2c; six-month 839c, down 8.9c; and 12-month 895c, down 10.1c. The metal opened at 412-416p (778-782c) and closed at 416-420p (758-781c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	414.75p	—2.40	417.5p	+5.25
3 months	429.45p	—2.55	431.9p	—4.4
6 months	444.50p	—3.75	—	......
12months	473.50p	—4.75	—	......

LME—Turnover: 108 (26) lots of 10,000 ounces. Morning: Three months 430.0, 30.5, 31. Kerb: Three months 431, 30.5. Afternoon: Three months 432.0, 31.8, 31.0, 31.5, 31.8, 32. Kerb: Three months 431.5, 32.

COCOA

Futures remained steady in quiet trading conditions with nearby March particularly firm. Actuals business remained quiet although the buffer stock manager again submitted bids to Brazil and West African origins, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1224-26	+9.0	1234-17
May	1206-07	+2.0	1217-05
July	1210-11	+1.5	1222-10
Sept	1214-16	+0.5	1227-15
Dec	1222-23	+3.0	1237-22
March	1227-33	+4.0	1244-32
May	1235-40	+4.0	—

Sales: 2,949 (3,089) lots of 10 tonnes.

ICCO—Daily price fob Jan 20: 100.81 (100.46): Indicator price for Jan 21: 99.20 (99.14) U.S. cents per pound.

COFFEE

Robustas opened unchanged to slightly steadier in light volume and mixed dealings, reports Drexel Burnham Lambert. No fresh features emerged although trade buying continued to fuel a steady market. Only scattered physical business was reported.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1132-33	+10.0	1135-24
March	1150-51	+14.5	1152-36
May	1128-29	+9.5	1132-21
July	1119-20	+10.5	1125-15
Sept	1115-16	+5.5	1120-11
Nov	1112-14	+9.0	1117-15
January	1107-12	—9.0	—

Sales: 3,030 (1,738) lots of 5 tonnes.

ICO Indicator prices for January 19: (U.S. cents per pound): Comp. daily 122.83 (122.52); 15-day average 123.95 (123.96).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 495.0, 495.5, 496.0-495.5; May 504.0, 504.5, 504.0; July 511.5, 512.5, 513.0-512.0; Oct 510.0, 512.0, untraded; Dec 515.0, 516.0, untraded; March 520.0, 521.0, 521.0; May 525.0, 526.0, 526.0; July 529.0, 533.0, untraded. Sales: 37.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 374, seller, nil; March 367, 369, 368-367; May 375, 378, 377; Aug 385, 391, 389; Oct 383, 392, 391-383; Dec 389, 398, 397-336; Jan 397, 393, 398; March 405, 412, nil; May 412, 418, nil. Sales: 38.

GAS OIL FUTURES

Futures initially traded towards the highs in good volume. Light selling from the commission houses pushed the market lower, touching off stops and leading to a sharp fall. The market traded nervously thereafter before falling to new lows on further selling on an active close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	307.50	—8.50	314.50-07.50
February	305.75	—8.25	313.00-05.25
March	298.50	—8.50	308.25-98.00
April	288.25	—8.75	295.50-88.25
May	288.00	—4.50	288.00-86.00
June	286.00	—4.00	288.00-86.00
July	289.75	—3.75	289.75
August	290.00	—7.00	—
Sept	294.50	—4.00	—

Turnover: 2,262 (1,288) lots of 100 tonnes.

GRAINS

The market opened unchanged. Old crop wheat saw steady commercial and shipper buying throughout the day. Old barley was firm during the morning, and slumped mid-afternoon, only to pick up on the close. Little interest was shown for new crops, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Jan	109.80	+0.45	106.45	+0.25
Mar	112.15	+0.45	108.60	+0.28
May	115.90	+0.50	111.90	+0.25
July	119.00	+0.55	—	—
Sep	107.10	—0.05	102.75	—
Nov	110.75	—	106.60	—0.10

Business done—Wheat: Jan 109.75-109.45, Mar 112.05-111.80, May 115 85-115.60, July 119.00-118.95, Sept 107.15 only, Nov 110.75 only. Sales: 126 lots of 100 tonnes. Barley: Jan 106.50 only, Mar 107.75-108.45, May 112.00-111.75, Sept 102.75 only, Nov 106.70-106.60. Sales 137 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Feb 119.50, March 120.50 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent mid-Jan/Mid-Feb 17.25 quoted transhipment East Coast sellers. Maize: French Jan 133.50 transhipment East Coast seller. S African Yellow March 76.50 quoted. Barley: English Feed fob Sept 105.25 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: Eastern 110.00. Feed barley: Eastern 108.00, E Mids 106.60, N East 105.50, Scotland 107.60. The UK Monetary Coefficient for the week beginning Monday January 25 is expected to remain unchanged.

RUBBER

The London physical market opened steadier, attracted little interest throughout the day and closed easier. Lewis and Peat recorded a February fob price for No 1 RS in Kuala Lumpur of 209.5 (206.0) cents a kg and SMR 20 182.5 (181.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	50.20-51.00	50.40-50.60	—
Mar	51.00-52.00	51.50-51.70	—
Apl-Jne	53.30-53.20	53.50-53.60	54.00-53.50
Jly-Sept	56.70-56.90	57.00-57.20	57.50-56.80
Oct-Dec	60.00-60.20	60.30-60.40	60.90
Jan-Mar	63.20-63.40	63.50-63.60	—
Apl-Jne	66.10-66.40	66.30-66.80	—
Jly-Sept	69.20-69.40	69.30-69.60	69.90
Oct-Dec	72.40-72.50	72.40-72.60	—

Sales: 76 (596) lots of 15 tonnes, nil (30) lots of 5 tonnes.

Physical closing prices (buyers) were spot 50.00p (50.75p); Feb 51.50p (51.75p); March 51.75p (52.00p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 144 tonnes. Modest off-take did not encourage a freer demand, although North and South American growths were wanted. Scattered operations in African qualities were encountered.

SOYABEAN MEAL

The market opened unchanged and moved slightly higher in thin trading conditions, reports T. G. Roddick. Prices eroded on weaker cash markets.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	157.00-57.5	—	157.40-57.00
April	154.30-54.5	—0.25	154.90-54.30
June	152.30-32.5	—0.25	152.90-52.50
August	153.00-53.7	+0.10	154.00
October	155.50-55.0	—	—
Dec	154.50-57.0	—	—
Feb	155.00-59.0	—	—

Sales: 72 (204) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £162.00 (same) a tonne cif Jan-Feb-March shipment. White sugar daily price £170.00 (same).

The market was again contained within a narrow trading range in dull conditions, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	175.60-75.70	172.55-72.40	174.00-72.25
May	176.50-76.40	175.50-75.60	177.00-75.50
Aug	179.10-82.90	178.45-78.60	180.00-78.50
Oct	182.75-82.90	182.25-82.40	185.00-82.50
Jan	185.50-84.90	185.00-84.50	—
March	189.00-90.00	188.50-89.50	188.00
May	190.00-92.90	198.00-92.00	—

Sales: 2,491 (2,288) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £272.00 (same) for export.

International Sugar Agreement (U.S. cents per pound), fob and stowed Caribbean ports. Prices for Jan 19: Daily price 12.73 (12.65); 15-day average 12.74 (12.80).

POTATOES

LONDON POTATO FUTURES—Follow-through buying, encouraged by firm Amsterdam prices pushed April through chart points, hitting stop loss buying, reports Coley and Harper. Closing prices: Feb 101.00, +4.00, (high 101.00, low 98.00); April 127.30, +8.30 (high 127.30, low 120.00); Nov 68.50, +0.50 (high 68.50, low 68.10). Turnover: 1,662 (594) lots of 40 tonnes.

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HIDES—Leeds: The market reflected a weaker trend. Second clears. Ox: 31-35.5 kg, 66.0p a kg withdrawn (68.2p a kg); 26-30.5kg, 70.0p a kg withdrawn (72.6p a kg); 22-25.5kg, 77.0p a kg withdrawn (79.0p a kg). Light cows: 25.5 kg, 74.0p a kg (76.5p a kg withdrawn).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 87.0 to 91.0; Ulster hindquarters 100.0-103.0, forequarters 72.5 to 75.0. Veal: Dutch hinds and ends 127.0 to 134.0. Lamb: English small 8.00 to 88.0. Imported—New Zealand PL (new season) 72.8 to 74.0, PM (new season) 72.8 to 73.5, YLs (new season) 70.5 to 71.5. Pork: English, under 100 lb 4.0 to 56.0, 100-120 lb 44.0 to 55.0, 120-160 lb 42.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 102.64p per kg lw (−5.54). UK—Sheep 194.33p per kg est dcw (−8.33). GB—Pigs 79.89p per kg lw (−0.11).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges — Spania: Navels/Navelinas 42/130 3.80-5.00; Jaffa: Navels 60/105 4.35-4.0, Shamouti 60/144 4.90-5.60. Sevilles—Spania: 7.60. Clementines—Spania: 3.00-4.00; Moroccan: 1/6 3.00-4.50. Satsumas—Spania: 3.00-3.60. Lemons—Cypriot: 3.20-5.50; Greek: 5.00-6.00; Turkish: 4.00-5.00; Spania .40/50 2.40-2.50. Grapefruit—U.S. Pink 32/48 .50-7.00; Cypriot: Large cartons 3.00-4.00, small cartons 2.60-3.40; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.60, 40 lb 5.00-7.60, Starkcrimson 40 lb 6.50-7.50, 20 lb 3.40-3.80, Granny Smith 7.50-8.50; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 8.00-13.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 14 lb, per lb 0.25-0.26; Italian: Per lb Passacrassana 0.15. Peaches—S African: 2.50-3.50; Zimbabwean: 4.00. Nectarines—Chilean: 9.00. Plums—S African: Santa Rosa, per lb 0.25-0.50, Beauty 0.30-0.50; Chilean: Santa Rosa 0.70. Apricots—S African: 11 lb, per lb 0.35-0.60. Grapes—Spanish: Almeria 11 lb 2.00-3.40, Negra 4.00-4.80, Alphonse 10-lb box 10.00; S African: Queen of the Vinsyard. 10-lb box 9.00; U.S.: Red Emperor 0.50-0.60; Chilean: Seedless, per box 10.50-11.00; Brazilian: Rubi 10-lb box 8.00-9.00. Strawberries—Kenyan: 0.70-0.80; Israeli: 8 oz 0.50-0.60; Mexican: 0.80. Litchees—S African: 0.80. Melons—Spanish: Green 10 kg 5.00-7.00, 15 kg A1 13.00; Brazilian: Yellow 7.50-8.00. Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: Per lb 0.18. Avocados—U.S.: Large box 6.00; Israeli: 3.00-3.80; Canary: 3.50-4.00. Mangoes—Kenyan: 8/16 4.50-5.00; Paruvian: 9.00; Brazilian: 8.00. Dates—Tunisian: 30s 0.45-0.55; U.S.: 0.42-0.43. Tomatoes—Spanish: 1.00-2.00; Canary: 2.80-3.80. Onions—Spanish: Grano 3/5 3.80-4.50. Capsicums—Spanish: Green 3.50, Red 4.50; Israeli: Red 6.50, Green 3.60; Canary: Red 5.00, Green 4.00. Cabbages—Dutch: White 4.50-4.60, Red 5.00. Cauliflowers—Jersey: 24s 9.00. Celery—Israeli: 4.80; Spanish: 4.00-5.00. Carrots—Dutch: 22 lb 2.80, pre-packed 4.00; Italian: Per lb 0.10-0.12. English Produce: Potatoes—Per 55 lb, White 2.60-3.00, Red 2.80-3.60, King Edwards 2.80-4.00. Mushrooms—Per lb, open 0.30-0.40, closed 0.55-0.70. Apples—Per lb, Bramley 0.18-0.26, Cox's 0.20-0.32, Spartan's 0.20-0.25. Pears—Per lb Conference 0.14-0.21, Comice 0.18-0.25. Cabbages—Per 30-lb bag, Celtic/Jan King 1.50-2.00. Lettuce—Per 12, round 1.00-1.80. Onions—Per 55 lb 40/80 mm 2.00-3.00. Carrots—Per 26/28 lb 2.00-3.00. Beetroots—Per 28 lb, round 1.00-1.40, long 1.50-1.80. Swedes—Per net 1.60-2.00. Sprouts—Per 20 lb 1.00-2.00. Spring Greens—Per 35/40 lb Cornish 6.00. Rhubarb—Per 14 lb, per lb 0.23-0.25. Leeks—Per 10 lb 2.00-2.50.

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GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.60, codlings £2.50-£3.50; large haddock £4.50-£4.90, medium £3.20-£4.40, small £1.60-£2.40; large plaice £2.60-£3.30, medium £2.00-£3.00, best small £2.60-£3.20; large skinned dogfish £6.00; large lemon soles £17.00, medium £10.00; rockfish £3.90; saithe £2.00-£2.70.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 20 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1120/1160	+15	$1125/165
Copper			
Cash h grade	£859.0	—0.25	£865
3 mths	£889.0	—0.25	£891.25
Cash Cathode	£857.5	+1	£886.5
3 mths	£885.75	+0.25	£885.5
Gold troy oz	$373	—2.5	$401.5
Lead Cash	£355	—14.2	£365
3 mths	£363.75	+10.5	£378.5
Nickel	£3737.75	......	£3678.69
Free mkt	255/290c	......	250/90c
Platin'mtr'y oz	£260	......	£260
Freemkt	£190.05	—0.7	£205.50
Quicksilver†	$400/410	—5	$412/415
Silver troy oz	414.75p	—2.40	438.35p
3 mths	429.45p	—2.55	454.55p
Tin Cash	£8625	+155	£8352.5
3 mths	£7947.5	+52.5	£8077.5
Tungsten22.0lb	$125.60	......	$134.48
Wolfrm 22.04lbs	$127/131	......	$120/125
Zinc Cash	£435.5	+5	£470.5
3 mths	£445.25	+5.5	£478.75
Producers	$875/950	......	$920/50
Oils			
Coconut (Phil)	$550y	......	$545
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$512.5x	......	$482.5
Seeds			
Copra Philip	$350	......	$345
Soyabean(U.S.)	$269z	—7	$263.5
Grains			
Barley Fut. Mar	£108.60	+0.20	£107.85
Maize	£133.50	......	£132.5
Wheat Fut. Mar	£112.15	+0.45	£112.50
No2 HardWint	£117.25y	+0.15	‡
Other commodities			
Cocoa ship't*	£1275	+9	£1,195
Future May	£1205.5	+2	£1144.5
Coffee Ft' Mar	£1150.5	+14.5	£1134.5
Cotton A.Index	70.20c	—0.05	67.45c
Gas Oil Feb.	$305.75	—8.25	$328.5
Rubber (kilo)	50.00p	—0.75	49p
Sugar (Raw)	162yx	......	£176
Woolt'ps 64s kl.	380p kilo	......	380pkilo

‡ Unquoted. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 20.

PRECIOUS METALS firmed on light short covering. Trade hedging moved copper prices moderately lower. Coffee firmed on good roaster interest. The livestock complex was sharply higher on bad weather and reduced live marketings. Grains and soyabeans rallied on the close on local and professional buying and short covering, reported Heinold.

Copper—Jan 71.90 (72.50), Feb 72.15 (72.75), March 73.05-73.15, May 74.85-74.95, July 76.80-86.90, Sept 78.60, Dec 81.25, Jan 82.15, March 84.05, May 85.80, July 87.55, Sept 89.30.

*Gold—Jan 374.5 (370.0), Feb 374.0-374.8 (371.2), March 377.8, April 381.0-382.0, June 390.3-391.0, Aug 398.7, Oct 407.9, Dec 417.0, Feb 427.4, April 437.6, June 47.9, Aug 458.2, Oct 468.5

*Platinum—Jan 353.5-355.0 (351.1), April 359.0-360.0 (355.6), July 368.5, Oct 380.0-381.1, Jan 393.0-402.0. Sales: 1,144.

Potatoes (round whites)—Feb 78.0-79.0 (77.0), March 81.9 (78.8), April 87.0-87.3, Nov 79.9. Sales: 1,078.

¶Silver—Jan 786.9 (782.5), Feb 783.2 (785.2), March 796.0-795.0, May 815.0-815.5, July 836.0-837.0, Sept 854.6, Dec 83.6, Jan 893.5, March 912.9, May 932.2, July 951.7, Sept 971.1. Handy and Harman bullion spot: 783.00 (same).

Sugar — No. 11: March 13.33-13.34 (13.30), May 13.55-13.57 (13.56), July 13.75-13.76, Sept 13.96, Oct 14.13-14.17, Jan 14.10-14.50, March 14.68-14.73, May 14.80-14.82. Sales: 8,486.

Tin—690.00-739.00 (685.00-729.00).

CHICAGO, January 20

Lard—Chicago loose 19.25 (19.00/19.25).

Live Cattle—Feb 60.70-60.80 (60.27), April 60.20-60.10 (59.40), June 60.00-59.85, Aug 58.55-58.70, Oct 57.30, Dec 58.20.

Live Hogs—Feb 48.80-46.65 (47.45), April 47.10-47.20 (46.52), June 50.30-50.40, July 50.35, Aug 49.45, Oct 47.50, Dec 48.65, Feb 48.60.

‡‡Maize—March 270¼-270½ (263¾), May 279¾-279½ (270), July 285¾-285½, Sept 287-287¼, Dec 290½, March 302½.

Pork Bellies—Feb 67.17-67.17 (65.17), March 67.65-67.95 (66.00), May 69.27-69.40, July 70.10, Aug 68.97.

†Soyabeans—Jan 630 (632½), March 642-641½ (638½), May 653½-654, July 667-665½, Aug 668½, Sept 669, Nov 676½-676, Jan 691, March 707

‖Soyabean Meal — Jan 187.0-189.5 (192.5), March 191.5-191.2 (190.4), May 193.0-193.1, July 195.8-195.3, Aug 196.0, Sept 197.0, Oct 197.0-197.5, Dec 200.0.

Soyabean Oil—Jan 19.01 (18.93), March 19.33-19.40 (19.32), May 20.07-20.05, July 20.67-20.69, Aug 20.95-20.92, Sept 21.15, Oct 21.35, Dec 21.76, Jan 21.73-21.77, March 21.93-21.95.

†Wheat—March 385¼-385 (382¾), May 395-395¼ (392¾), July 400¾-401, Sept 411¼, Dec 428½-428¼, March 442

WINNIPEG, January 20

§Barley—March 127.80 (128.70), May 130.20 (130.30), July 131.10, Oct 131.80, Dec 134.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 241.93 (240.84).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, January 19.

††Cocoa—March 2150 (2131), May 2136 (2114), July 2141, Sept 2159, Dec 2180, March 2210. Sales: 1,945.

Coffee—"C" Contract: March 135.60-135.90 (135.61), May 129.60-129.90 (129.62), July 127.75, Sept 125.75, Dec 123.00-123.50, March 120.00-122.00, May 119.00-122.00. Sales: 1,060

Cotton—No. 2: March 64.70-64.80 (65.19), May 66.50-66.55 (66.65), July 68.05-68.15, Oct 70.50, Dec 71.50, March 72.75, May 73.90, July 74.50-75.25. Sales: 4,900.

CHICAGO, January 19.

Chicago Imm Gold — March 374.0-373.0 (380.9), June 385.0-385.3 (392.8), Sept 398.2, Dec 412.0, March 426.4, June 442.5, Sept 455.8.

Lard—Chicago loose 19.0 bid/19.25 traded.

EUROPEAN MARKETS

ROTTERDAM, January 20.

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: mid-Jan/mid-Feb 202, mid-Feb/mid-March 206, mid-March/mid-April 209. U.S. No. 2 Red Winter: mid-Jan/mid-Feb 167, Feb 169, March 172. U.S. No. 3 Amber Durum: Jan 205, Feb 208, April/May 192, May 194, June 194, July 194, Aug 194, Sept 195, Oct 197, Nov 198. U.S. No. 2 Northern Spring, 14 per cent: Feb 206, March 207, April/May up to Sept 187. Canadian Western Red Spring: Jan 218, April/May 213.

Maize — (U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afloat 134, Jan 133.75, Feb 129.75, March 128.50, April/June 129, July/Sept 132.50, Oct/Dec 134 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Afloat 263, Feb 263, March 262, April 262, May 263.25, June 265, July 266.50, Aug 267, Sept 167.50, Oct 267.25, Nov 267.25, Dec 270.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein: U.S. Afloat 251, Jan 249, Feb 247, March 245.50, April/Sept 237.50, Nov/March 247.50 sellers. Brazil Pellets: Afloat 270, Jan 263, Feb 263, March 254.50, April 247, April/Sept 246 sellers.

PARIS, January 20

Cocoa—(FFr per 100 kilos): March 1325-1328, May 1320-1327, July 1345-1347, Sept 1347-1354, Dec 1358-1365, March 1365-1375, May 1370-1380. Sales at call: 4.

Sugar—(FFr per tonne): March 1940-1945, May 1990-1994, July 2000-2010, Aug 2045-2060, Oct 2070-2075, Nov 2070-2075, Dec 2095-2105, March 2130-2145. Sales at call: nil.

INDICES

FINANCIAL TIMES

Jan. 19	Jan. 15	Month ago	Year ago
248.98	248.61	247.00	256.56

(Base: July 1, 1952=100).

MOODY'S

Jan. 19	Jan. 18	Month ago	Year ago
996.9	998.6	982.30	1195.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan 19	Jan. 18	Month ago	Year ago
Spot	125.80	126.39	—	—
Futr's	132.96	133.59	—	—

(Base: December 31, 1974=100)

REUTERS

Jan. 20	Jan. 19	M'nth ago	Year ago
1617.2	1623.1	1613.1	1688.6

(Base: September 18, 1931=100)

Contrasting interest rate trends dominate but Gilts extend advance and equity leaders maintain firmness

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8

* "New time" dealings may take place from 9.30 am two business days earlier.

The possibility of concerted European moves to lower interest rates — UK money market rates eased yesterday for the third successive day and the West German Economics Minister said he expected the Bundesbank rate to fall in the foreseeable future—were sufficient cause for London stock markets to maintain the recent upward momentum. Directly contrasting developments in the U.S., where the Federal funds rate had moved slightly higher overnight and adversely affected sentiment on Wall Street, were thus annulled.

Gilt-edged securities opened cautiously because of the American news, but soon extended the recent advance. The volume of business remained above normal but sellers were more in evidence than over the previous two sessions. Gains extending to ⅜ among longer-dated stocks were reduced and during the afternoon the market looked vulnerable to further profit-taking.

Exchequer 15 per cent 1997, one of the favoured trading stocks, rose to 98½ before closing a net ⅜ up at 98, but most other improvements in the area were finally limited to ⅛. The shorts were more impressive and **Treasury 3 per cent 1985** ended another ⅛ higher at 76½ with the exhausted tap. **Exchequer 14 per cent 1986**, ⅛ up at 93½. Reflecting the marginal nature of yesterday's overall improvement, the FT Government Securities index rose only 0.04 to 63.65 for a three-day gain of 1.28, or 2 per cent.

Wall Street's overnight return to dullness dampened enthusiasm for equities. Leading shares opened a penny or two lower and stock subsequently came on offer which took a further toll on prices. In the face of a rising Gilt market, however, sellers became more reserved and leading equities rallied to the extent that the FT Industrial Ordinary share index gradually recouped its loss, 2.8 at 10.00 am, to close virtually unchanged on balance at 545.8.

Demand for Traded options continued to improve and 2,785 deals were arranged, comprising 2,012 calls and 773 puts. **British Petroleum** recorded 301 calls and 247 puts, while **Consolidated Gold Fields**, a subdued series recently, returned to favour and attracted 251 calls.

Eagle Star volatile

Up 27 over the previous two trading sessions on a Press prediction that the German Allianz group will launch a 450p-500p per share bid for the company later this year, **Eagle Star** improved further 340p in yesterday's early business before reacting to close unchanged at 334p following Allianz's announcement that it is neither buying, nor intending to buy, further shares in Eagle. Elsewhere in Insurances, Life issues were popular, particularly **Hambro** which gained 8 to 334p.

Easier conditions returned to the major clearing banks as buyers withdrew. **Midland**, at 340p, lost 6 of the previous day's rise of 14, while **Barclays** relinquished 5 to 450p. **Grindlays** dipped 6 more on profit-taking to 202p.

The undertone in Buildings remained firm and the leaders made further modest progress. Interest rate optimism encouraged support for **Barratt Developments**, which added 4 to 226p. Among secondary issues, investment demand left **J. Smart** 3 up at 62p, while **HAT Group**, a neglected market of late, added a like amount to 78p. Second thoughts about the preliminary results clipped a couple of pence from **Countryside**, 112p, while **Allied Residential** shed 2 for a two-day loss of 3 to 19p on the Board's announcement that profits will fail to meet the prospectus forecast. **Phoenix Timber** attracted speculative demand on revived takeover hopes and gained 6 to 96p.

ICI slipped to 318p before picking up to close a couple of pence dearer on balance at 322p.

Stores quiet

Leading Stores passed another quiet session and movements were usually restricted to a penny either way. D-I-Y issues remained mixed, but **Home Charm** rose 5 more to 128p and **A. G. Stanley** added 2 for a two-day gain of 6 at 53p. **Church** firmed 4 to 180p in belated response to the sale of its shoe retailing subsidiary R. P. Ellen. **A. and J. Gelfer** touched 53p in immediate response to the mid-term statement, but turned easier in the later trade to close a net penny cheaper at 51p. **Aquascutum** attracted renewed takeover speculation and the "A" ended 2 up at 31p while **Strong and Fisher** hardened 3 to 54p for a similar reason.

Interest in the Electrical leaders waned considerably and the closing tone was mixed. Following reports of a gloomy investment seminar, **Thorn EMI** shed 5 to 437p, after 435p. News of the planned 750 redundancies at its Marconi subsidiary saw **GEC** ease to 818p before rallying to finish a net 5 up at 825p. Elsewhere, **Ward and Goldstone** attracted buyers and put on 6 to 116p, while **Electrocomponents** added a similar amount at 153p and **Unitech** improved 8 at 208p.

An extremely slow trading session left leading Engineers little changed. Among the scattered movements elsewhere in the sector, **Birmingham Mint**, an old speculative favourite, advanced 8 to 175p. **Bullough** closed similarly dearer at 152p, while revived support in a limited market left **Chemring** up 13 more at 288p. **Weir Group** firmed 5 to 57½p, but **James Austin**, reflecting sharply lower interim profits, eased 3 to 65p. **RHP** encountered selling and reacted 6 to 67p.

Tate and Lyle firmed 6 to a 1981-82 high of 216p in response to the better-than-expected preliminary results. Selective support was also forthcoming for other leading Foods, **Northern** hardening 3 to 160p and **Kwik Save** 6 to 226p. **Cadbury Schweppes** added 2 more to 93p and **Brooke Bond** a penny to 50p, both on overseas earnings considerations.

Annual profits at the lower end of market estimates left **Trusthouse Forte** 5 cheaper at 116p. **Grand Metropolitan**, a particularly good market of late, eased 4 to 186p.

Pilkington good

Miscellaneous industrial leaders failed to repeat Tuesday's strong performance. Nevertheless, **Pilkington** were outstanding at 285p, up 15, following investment demand. Elsewhere, **Rockware** added 5 to 65p on speculative buying fuelled by talk of an imminent dawn raid. **Granada "A"** rose 6 to 228p and **De La Rue** 12 to 697p, while **Whatman Reeve Angel** also revived with a rise of 6 to 208p. Awaiting further bid developments, **Associated Communications Corporation** hardened a penny more to 71p, while **BET** gained 4 to 146p on buying in anticipation of today's interim figures. Press comment helped **Dalgety** to put on 3 to 310p, and **Inter-City Investments** added 3 to 19½p on revived bid hopes in the wake of the disappointing interim figures. Details of the £4.5m Wandsworth cleaning contract left **Pritchard Services** a penny better at 184p, while **William Press** improved a few pence to 70p and **Duple International** added 4 to 55p. **Gestetner**, on the other hand, fell 4 to 51p in reaction to the 61 per cent contraction in annual earnings and the halved final dividend. **Wilkins and Mitchell** closed unaltered at 18p; the price in yesterday's issue was incorrect.

Among Television issues, **Anglia TV "A"** dipped to 113p following the annual results before rallying to close 3 dearer on balance at 118p. **LWT "A"** attracted support and rose 6 to 121p.

An easier trend developed among Motor and Aircraft Component manufacturers. **Dowty**, 129p, lost the previous day's gain of 5, while **Lucas** shed 3 at 228p. Distributors, on the other hand, often finished with useful gains. **Lookers** stood out with a rise of 6 to 56p folowing the increased preliminary earnings, while revived speculative demand lifted **Dorada** 3 to 37p, and **Lex Service** 5 to 100p.

After Tuesday's drop of 11 on the £62.3m rights issue announcement, **MEPC** were actively traded awaiting news of the annual meeting and eased afresh to 212p before picking up to close unchanged on balance at 214p. Second thoughts about the interim figures clipped 2 from **British Land** to 79p. Elsewhere in the Property sector, **Property Security Investment** eased 2 to 120p following some disappointment with the half-year results. **Daejan** attracted renewed support and put on 6 to 168p.

Oils dull

Press comment drawing fresh attention to the continuing decline in crude prices despite the recent OPEC deal made for another drab and dull day in the Oil sector. Mainly reflecting lack of support, **BP** drifted off to close 4 cheaper at 298p and **Shell** ended 6 lower at 374p. Among the speculative issues, **Double Eagle** continued the recent recovery movement and closed 4 higher at 49p with **Warrior** a similar amount up at 48p. **Sun (UK) Royalty** put on 10 more to 170p.

London and Provincial featured the Trust sector, opening higher at 158p following overnight business and moved ahead further to close 14 up on balance at 162p on heavy buying; it was announced yesterday that Investment Intelligence had purchased a 13.75 per cent stake in the company on behalf of clients. Among Financials, further support ahead of next Monday's interim statement left **Mercantile House** 28 higher at 440p. **Exco International** gained 6 to 155p and **R. P. Martin** edged up 5 to 310p. **English Association** continued to attract buyers and put on another 5 to 170p. After yesterday's rise of 20 on buying in a difficult market, **Aitken Hume** held steady at 185p; the suspension sign showing against the price in the Share Information Service yesterday was inserted in error.

The announcement that the company is planning a gas-drilling venture in West Virginia prompted useful support of **Leeds and District Dyers** which touched 80p before settling for a net rise of 6 at 78p. Elsewhere in Textiles, **Tomkinsons Carpets** added a couple of pence to 62p after favourable Press comment, while **Shaw and Marvin** gained the turn to 18p folowing reduced first-half losses.

Golds drift

Lack of interest rather than any significant selling prompted widespread, although generally modest, falls in mining markets.

South African Golds were marked down at the outset following overnight U.S. selling encouraged by persistent talk of higher interest rates, and drifted for the rest of the day. This was despite the December quarter results from the mines in the Johnnies and Anglovaal groups, which were featured by good results from **Randfontein** which, however, dipped £1 to £27.

Among other heavyweight issues, **Hartebeest** dropped ¾ to £22½ while falls of ½ were common to **Buffels**, £14¾ and **St. Helena**, £14. **Southvaal** and **Vaal Reefs**, due to declare dividends on Friday, lost ½ apiece to £14½ and £30½ respectively.

Medium- and lower-priced stocks showed new lows for 1981-1982 common to **Blyvoor**, 11 off at 464p, **Harmony**, a like amount easier at 537p, and **Western Areas**, 7 down at 159p.

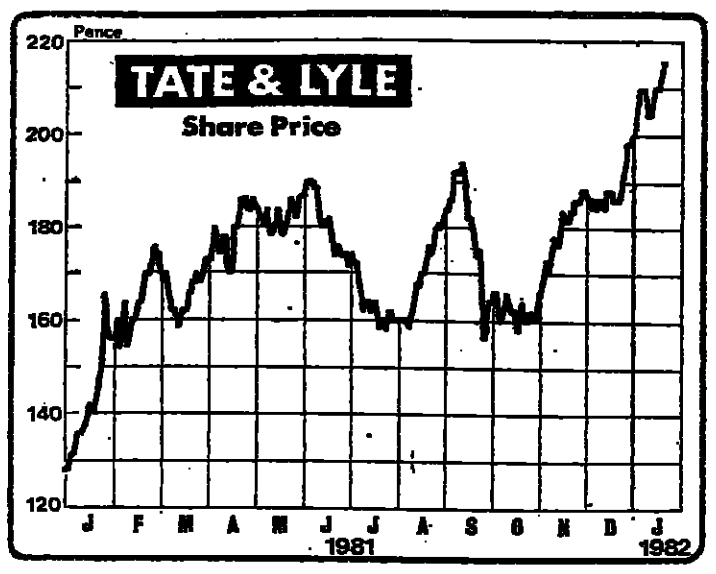
The Gold Mines index gave up 5 points to 266.5 while the bullion price closed $2.5 easier at $373 an ounce.

Financials were featured by exceptional activity and weakness of "**Amgold**," which came under sustained and heavy selling pressure from the Continent and dropped £2⅝ to a 1981-82 low of £33⅞ following widespread talk that a substantial line of shares, rumoured to range from 50,000 upwards, was on offer.

Among other South African Financials, **New Wits** held steady at 180p in front of the unchanged dividend. **Vogels**, however, fell 10 ahead of the lower full-year profits. **Anglo American Corporation** dipped 10 to a 1981-82 low of 605p and **GFSA** gave up £1⅞ to £34.

Quietly easier Australians reflected the trend in overnight domestic markets. **MIM Holdings** shed 7 to 168p; the company is to increase its holding in the U.S. natural resources group Asarco to 21 per cent.

Elsewhere, **Cons. Murchison** added 20 to 270p folowing the further rise in December quarter profits.



FINANCIAL TIMES STOCK INDICES

	Jan. 20	Jan. 19	Jan. 18	Jan. 15	Jan. 14	Jan. 13	A year ago
Government Secs.	63.65	†63.61	62.95	62.37	62.24	62.30	68.72
Fixed interest	63.90	63.68	63.22	62.96	62.88	62.88	70.36
Industrial Ord.	545.8	545.9	534.7	531.6	527.2	527.3	461.7
Gold Mines	266.5	271.5	266.6	273.8	265.8	271.0	358.6
Ord. Div. Yield	5.55	5.52	5.63	5.65	5.70	5.69	7.80
Earnings, Yld.% (full)	9.73	9.73	9.93	9.96	10.01	10.00	17.41
P/E Ratio (net)(*)	13.11	13.12	12.85	12.80	12.76	12.78	7.03
Total bargains	18,500	20,387	19,116	14,886	13,927	13,169	19,573
Equity turnover £m.	—	153.35	107.69	100.73	95.59	85.99	130.22
Equity bargains	—	16,009	14,015	10,912	10,754	10,836	16,070

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974. † Correction.
10 am 543.1. 11 am 543.6. Noon 544.3. 1 pm 545.0.
2 pm 544.9. 3 pm 544.9.
Latest Index 01-246 8026.
* Nil=11.72.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	262.6 (23/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 19	Jan. 18
—Daily		
Gilt Edged Bargains	283.2	248.0
Equities Bargains	103.7	90.8
Equities Value	309.9	217.7
5-day Avrge.		
Gilt-Edged Bargains	195.0	163.2
Equities Bargains	81.0	76.2
Equities Value	219.6	201.0

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (44)

BRITISH FUNDS (7)
Treas. 8¼pc 1982 · Treas. 3pc 1985 · Exchqr. 3pc 1983 · Treas. 3pc 1986 · Treas. 9¼pc 1983 · Exchqr. 15pc 1997 · Exchqr. 3pc 1984

INTERNATIONAL BANKS (1)
Int. Bk. 5pc '77-82

BUILDINGS (3)
Barratt Dvlpts. · H.A.T. Group · Blue Circle

CHEMICALS (2)
Allied Colloids · Laporte Inds.

ELECTRICALS (5)
BSR · M.K. Electric · Dubilier · Scholes (G. H.) · Ferranti

ENGINEERING (4)
Acrow A · Wheesoe · Weir Group · Williams (W.)

FOODS (2)
Singlo · Tate & Lyle

INDUSTRIALS (8)
Assoc. Comm. A · Pritchard Services · Bath & Portland · Sketchley · Black (P.) · Syltone · Initial Services · Whatman Reeve Ang.

LEISURE (2)
Anglia TV A · HTV N-V

MOTORS (1)
Dorada

NEWSPAPERS (1)
Link House

SHIPPING (1)
Brit. & Com'wealth

SHOES (1)
Headlam. Sims

TEXTILES (4)
Foster (John) · Shaw & Marvin · Leeds Dyers · Stroud Riley Drum.

TRUSTS (1)
London & Provincial

MINES (1)
Pengkalen

NEW LOWS (25)

AMERICANS (4)
Exxon · TRW Inc. · Gulf Oil · Tenneco

CANADIANS (3)
Brascan · Place Gas · Can. Pacific Ent.

BUILDINGS (2)
Cement-Roadstone · Ramus

INDUSTRIALS (3)
Astbury & Madeley · Staneko · B.H. Prop.

OIL & GAS (3)
Oil & Gas Prodn. · Tri Basin · Sunmask

MINES (10)
Blyvooruitzicht · Anglo American Gold · Stilfontein · Minorco · Western Areas · Central Pacific · Harmony · North Broken Hill · Anglo American · Oakbridge

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	60	—	31
Corpns., Dom. and Foreign Bonds	35	—	37
Industrials	303	191	863
Financial & Props.	171	52	289
Oils	18	32	60
Plantations	3	2	19
Mines	15	70	83
Others	29	66	53
Totals	634	413	1,435

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24
Feb 2	Mar 5	Jun 3	July 14

For rate indications see end of Share Information Service

Stocks favoured for the call included Eagle Star, Tricentrol, ICI, Lonrho, Dougle Eagle, Unigate, Town and City Properties, Premier Oil, RHM, Suter Electrical Deferred, FNFC, Charterhall, E. J. Riley, Hawley Leisure, Exco and Woodside. No puts were reported, but doubles were struck in GKN, Cons Gold Fields and BP.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. amount	Times covered	Gross yield	P/E ratio
§30	F.P.	—	30	29½	Asset Speial 10p	29½	—	—	—	—	—
100	F.P.	—	98	96	Baillie GiffordJ'n Tst	97	—	—	—	—	—
82	F.P.	22/1	86	82	Cussins Prop.20p	83	—	b4.9	2.6	8.4	5.1
†	F.P.	—	335	315	✠Eldridge Pope £1	330	—	9.5	2.9	4.2	10.0
80	F.P.	13/1	84	81	✠Equipu. 10p	82	−1	bd3.1	2.1	5.4	12.6
—	F.P.	—	10	8	F&C Enter. Warrants	8	—	—	—	—	—
58½	F.P.	—	61	58½	Fledgeling Invs.	61	+1	2.16	1.0	5.1	—
150	F.P.	4/1	165	156	✠Haytera £1	157	−1	b10.5	1.8	9.6	7.3
‖	F.P.	—	63	52	✠Malaysian Tin 5p	52	—	—	—	—	11.4
US$5.88	F.P.	—	305	270	Newmarket (1981) 5c	262	—	—	—	—	—
§10	F.P.	—	18	14	✠Owners Abroad 10p	17½	—	b0.5	3.1	4.1	9.
§§	F.P.	—	9	4½	Peek Hldgs.	7½	—	—	—	—	5.1
115	F.P.	—	120	117	Speyhawk 10p	117	—	bd7.0	2.6	8.5	5.3
—	F.P.	—	5	3½	Viners 1p	4	+½	—	—	—	—
46	F.P.	—	49	47	✠York Mount	47	−1	b4.51	5.9	13.7	2.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price	+ or −
97.48	£25	—	26½	23	Caisse Nat. Des Auto. 15% Gtd. Ln. [illegible]	25½	—
100	F.P.	25/2	104	102	Essex Water 10% Red. Prf. 1986	104	—
¶¶	F.P.	—	93	86	Habitat 9¾% Conv. Uns. Ln. '96-2001	93	—
‖	F.P.	—	107	102	Haslemere Est. 9pc.Conv Uns Ln. 2001/06	105	—
§100	F.P.	—	100½	99	Nat'wide Bdg. Society 15¾% Bds (24/11/82)	99	—
§100	F.P.	—	100	99¼	Do. 15½% Bds. (13/12/82)	99¼	—
§100	F.P.	—	100	99¾	Do. 16¼% (17/1/83)	100	—
69	F.P.	—	78	64	Pennine Comm. 12pc.Conv.Uns.Ln.1987	66	—
70	F.P.	—	81	54	Do. 15½ pc. Uns. 1986	80	—
100	F.P.	—	101¼	100	Telfos 12% Cnv. 1991	101	—
—	F.P.	—	105	114	Viners 10% Cnv. Loan 1988	108	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
7½	F.P.	31/12	29/1	8½	7½	Abwood Mach. 7½p	[illegible]	[illegible]
142	F.P.	29/12	29/1	170	156	Brown (M)	[illegible]	[illegible]
2.5A$	Nil	—	—	92pm	50pm	C S R A$1	[illegible]	[illegible]
15	Nil	—	—	5pm	1pm	✠Carlton Real Ests. 10p	[illegible]	[illegible]
R.2.	Nil	—	—	25pm	20pm	Griqualand 5 cts	[illegible]	[illegible]
25	Nil	—	—	10½pm	7pm	I.C.L.	[illegible]	[illegible]
180	Nil	—	—	48pm	32pm	Kwik Save 10p	[illegible]	[illegible]
44	Nil	—	—	21pm	12pm	Lennons Grp. 10p	[illegible]	[illegible]
25	Nil	—	—	29	26	Telfos 20p	[illegible]	[illegible]
50 cts	Nil	10/12	26/1	117pm	103pm	T N T 50c	[illegible]	[illegible]
60	F.P.	—	—	68	53	Wearwell 5p	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. [illegible] F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. [illegible] now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. ‡ Formerly dealt in under Rule 163(2)(a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo American Gold	£33⅞	−2⅝	Lucas Inds	228	−3
Eagle Star	334	—	MEPC	214	—
Grand Metropolitan	186	−4	Northern Foods	160	+3
Hambro Life	334	+8	Rockware	65	+5
Land Securities	287	+1	Tate and Lyle	216	+6
London & Prov Tst.	162	+14	Trusthouse Forte	116	−5

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
GEC	17	820	+15	Beecham	13	229	+5
De La Rue	16	685	+22	Midland Bk	13	346	+14
Ryl Bk of Scot	16	123	+3	Grand Met	12	190	+9
BAT Industries	15	360	+7	Inchcape	12	300	+7
Plessey	15	362	+12	Barclays Bk.	11	455	+15
MEPC	14	214	−11	Cable & Wire	11	234	+8
RTZ	14	425	+9	GKN	11	176	+6

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Wed Jan 20 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tue Jan 19 Index No.	Mon Jan 18 Index No.	Fri Jan 15 Index No.	Thur Jan 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	361.78	+0.4	9.62	4.40	12.92	360.43	354.14	352.37	351.14	[illegible]
2	Building Materials (25)	317.26	+1.1	14.23	5.41	8.03	313.80	307.59	303.90	299.95	[illegible]
3	Contracting, Construction (28)	555.47	+0.5	16.85	5.09	6.94	552.62	547.55	543.24	542.60	[illegible]
4	Electricals (30)	1239.95	+0.5	7.41	2.32	17.26	1233.84	1209.88	1208.31	1205.68	[illegible]
5	Engineering Contractors (9)	508.98	−0.2	13.14	5.56	8.85	509.79	504.62	502.84	504.57	377.99
6	Mechanical Engineering (67)	194.67	−0.4	10.87	5.61	11.71	195.52	192.42	190.47	190.30	166.42
8	Metals and Metal Forming (12)	169.36	+0.5	7.42	7.19	18.65	168.53	164.23	162.29	161.80	132.35
9	Motors (21)	98.61	+0.5	—	6.75	—	98.14	95.44	94.95	94.72	86.97
10	Other Industrial Materials (18)	376.59	+0.2	8.82	6.15	13.86	375.68	372.46	372.40	370.75	[illegible]
21	CONSUMER GROUP (198)	279.72	+0.2	12.98	5.91	9.45	279.24	273.82	271.76	269.35	[illegible]
22	Brewers and Distillers (21)	271.37	−1.1	17.26	7.19	6.97	274.34	265.78	262.94	261.83	[illegible]
25	Food Manufacturing (21)	278.67	+0.8	14.92	6.12	8.06	276.45	272.01	270.34	269.36	218.95
26	Food Retailing (15)	577.15	+0.6	9.15	3.45	13.24	573.91	561.68	559.57	555.85	471.34
27	Health and Household Products (7)	369.26	+0.8	8.47	4.33	13.88	366.46	358.95	357.88	351.23	251.24
29	Leisure (24)	421.13	−0.6	9.93	5.24	12.48	423.79	413.60	413.37	410.50	338.74
32	Newspapers, Publishing (12)	487.37	+0.7	12.22	6.18	11.00	483.92	479.86	474.95	472.39	427.61
33	Packaging and Paper (13)	137.97	−0.2	14.72	7.79	8.10	138.31	135.65	134.91	132.54	112.27
34	Stores (45)	251.54	+0.2	11.45	5.37	11.87	251.00	247.86	246.27	243.86	242.82
35	Textiles (23)	161.66	+1.2	9.84	6.14	13.30	159.68	157.07	157.06	155.74	123.90
36	Tobaccos (3)	276.68	+0.4	20.92	9.42	5.49	275.62	270.18	261.56	257.58	197.92
39	Other Consumer (14)	263.67	+0.5	7.30	6.85	22.68	262.46	258.28	257.56	257.29	236.45
41	OTHER GROUPS (79)	242.69	+0.4	10.53	5.75	12.07	241.75	237.66	237.35	236.31	[illegible]
42	Chemicals (16)	323.53	+0.5	5.63	5.59	27.79	321.78	316.34	318.25	314.18	272.87
44	Office Equipment (4)	119.34	−0.4	15.32	7.38	7.80	119.76	118.09	116.97	117.88	95.75
45	Shipping and Transport (13)	559.19	−0.2	19.16	6.61	6.21	560.42	551.40	546.31	540.97	533.28
46	Miscellaneous (46)	300.45	+0.5	12.14	5.39	10.03	298.86	293.55	292.12	290.13	254.33
49	INDUSTRIAL GROUP (487)	302.75	+0.3	11.37	5.32	[illegible]	301.91	296.38	294.69	292.68	[illegible]
51	Oils (13)	697.93	−1.3	20.40	8.09	5.55	707.32	703.60	706.95	697.10	[illegible]
59	500 SHARE INDEX	334.89	—	12.87	5.78	9.39	334.87	329.47	328.17	325.54	[illegible]
61	FINANCIAL GROUP (118)	249.39	—	—	6.11	—	249.44	245.77	244.65	[illegible]	[illegible]
62	Banks (6)	273.00	−0.6	33.01	6.92	3.94	274.69	266.79	267.24	271.68	232.94
63	Discount Houses (9)	219.93	−0.1	—	10.07	—	220.13	215.59	213.76	212.86	[illegible]
65	Insurance (Life) (9)	253.74	+0.5	—	6.31	—	252.42	246.11	244.55	244.79	237.67
66	Insurance (Composite) (10)	155.05	−0.2	—	8.64	—	155.38	152.40	149.62	150.24	144.43
67	Insurance Brokers (8)	423.69	+0.5	10.98	5.74	12.34	421.48	417.67	417.75	418.19	295.88
68	Merchant Banks (12)	149.10	−0.1	—	5.47	—	149.22	149.33	148.61	149.19	143.39
69	Property (49)	436.84	+0.2	5.06	3.36	26.42	435.99	436.60	436.75	437.82	445.24
70	Other Financial (15)	180.25	+0.6	15.73	5.98	7.26	179.20	177.67	176.82	175.66	167.15
71	Investment Trusts (111)	294.69	+0.8	—	5.49	—	292.47	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	221.78	+0.2	15.54	6.41	7.25	221.26	218.76	218.90	220.25	221.88
91	Overseas Traders (17)	416.72	+0.9	12.43	7.64	9.85	412.94	400.45	404.75	404.09	425.60
99	ALL-SHARE INDEX (750)	314.78	+0.1	—	5.87	—	314.56	309.52	308.22	306.67	283.19

FIXED INTEREST

	PRICE INDICES	Wed Jan 20	Day's change %	Tue Jan 19	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	106.53	+0.28	106.24	—	1.07
2	5-15 years	100.77	+0.13	100.64	—	1.23
3	Over 15 years	103.15	+0.21	102.93	—	0.24
4	Irredeemables	111.81	—	111.81	—	0.00
5	All Stocks	103.13	+0.20	102.92	—	0.84
6	Debentures & Loans	79.51	+0.40	79.19	—	0.26
7	Preference	62.46	+0.41	62.20	—	0.11

	AVERAGE GROSS REDEMPTION YIELDS	Wed Jan 20	Tue Jan 19	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	12.73	12.77	11.66
2	Low Coupons 15 years	13.89	13.89	12.39
3	Low Coupons 25 years	13.76	13.76	12.49
4	Medium Coupons 5 years	15.75	15.82	13.42
5	Medium Coupons 15 years	15.52	15.55	13.96
6	Medium Coupons 25 years	14.94	14.96	13.75
7	High Coupons 5 years	15.68	15.75	13.42
8	High Coupons 15 years	15.72	15.75	14.18
9	High Coupons 25 years	15.30	15.33	13.98
10	Irredeemables	13.26	13.26	11.58
11	Debs & Loans 5 years	16.69	16.75	14.62
12	Debs & Loans 15 years	16.53	16.62	14.54
13	Debs & Loans 25 years	16.42	16.52	14.46
14	Preference	15.95	16.06	14.55

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	161.6	166.7	.....	9.27
L&C Intl & Gen Fd	129.8	133.9	.....	0.82

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	95.9	101.5	+0.2	4.55
Equity Acc.	131.6	142.9	+0.3	4.55
Gilt	115.9	122.0	+0.9	7.86

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Leo Distribution	121.0	128.3	.....	0.42
Leo Accum.	148.2	157.3	−0.1	0.43

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	74.8	80.4	+0.3	4.74
Do. (Accum.)	117.4	126.2	+0.4	4.74
Energy Int.	41.5	44.6	−0.3	2.22
Do. (Accum.)	42.1	45.2	−0.3	2.22
Extra Income	61.4	66.0	+0.2	8.84
Do. (Accum.)	87.4	93.9	+0.3	8.84
Income	97.7	105.0	+0.5	7.11
Do. (Accum.)	161.0	173.1	+1.0	7.11
Int. Technology	77.1	82.8	+0.1	0.44
Do. (Accum.)	78.4	84.3	+0.1	0.44
N. American & Gen.	46.9	50.4	−0.3	1.16
Do. (Accum.)	48.2	51.8	−0.3	1.16
Pacific Basin	47.7	51.2	+0.2	0.98
Do. (Accum)	47.7	51.2	+0.2	0.98
Small Cos. & Recy.	57.2	61.5	+0.4	2.97
Do. (Accum.)	60.6	64.5	+0.4	2.97
Worldwide Gwth.	85.4	91.8	.....	2.28
Do. (Accum.)	114.9	123.5	+0.1	2.28

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	273.9	288.3	+5.6	4.14

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31	158.50	.....	6.77
Wider Fund Dec. 31	280.25	.....	5.05
Narrower Fd. Dec. 31	70.05	.....	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	67.2	72.2	−0.3	2.58
(Accum. Units)	72.7	78.2	−0.3	2.58
American Recovery	76.4	81.8	−0.4	1.49
(Accum. Units)	79.6	85.2	−0.4	1.49
Australasian	77.4	82.8	−0.2	2.12
(Accum. Units)	81.3	87.0	−0.2	2.12
Commodity	126.5	135.4	+0.3	3.71
(Accum. Units)	150.3	160.8	+0.3	3.71
Compound Growth	180.2	192.4	+1.9	3.62
Conversion Growth	120.4	128.8	−0.4	2.72
Conversion Income	80.5	86.1	+0.9	8.61
Dividend	133.3	145.3	+1.4	9.07
(Accum. Units)	317.2	345.7	+3.2	9.07
European	59.0	63.1	−0.4	3.26
(Accum. Units)	66.3	70.9	−0.4	3.26
Extra Yield	85.0	92.7	+1.0	9.74
(Accum. Units)	143.3	156.2	+1.8	9.74
Far Eastern	117.7	125.9	−0.3	1.40
(Accum. Units)	135.4	144.9	−0.4	1.40
Fund of Inv. Tsts.	91.7	100.0	+1.8	4.89
(Accum. Units)	127.1	138.5	+2.5	4.89
General	230.7	248.0	+2.7	6.20
(Accum. Units)	418.2	449.6	+4.8	6.20
Gilt Income	44.1	46.3	+0.6	13.45
(Accum. Units)	47.9	50.3	+0.6	13.45
High Income	112.8	120.7	+1.3	9.09
(Accum. Units)	240.7	257.6	+2.9	9.09
Japan	193.4	206.9	+1.8	0.80
(Accum. Units)	204.0	218.3	+2.0	0.80
Magnum	328.4	349.7	+3.2	5.29
(Accum. Units)	462.3	492.4	+4.6	5.29
Midland	170.9	182.9	+1.3	8.08
(Accum. Units)	351.0	375.6	+2.7	8.08
Recovery	132.7	143.3	+0.7	4.44

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

Capital	46.7	50.4	+0.2	2.80
I.T.U.	34.8	37.4	+0.4	3.96
Select International	356.1	385.0	+1.1	1.57
Univ. Growth	86.7	93.2	−0.1	0.73

Increasing Income Funds

High-Yield	57.2	61.5	+0.3	8.11
Select Income	60.6	65.1	+0.4	6.67

High Income Funds

Gilt & Fxd. Int. Inc.	45.4	47.8	+0.2	13.01
High Return	64.3	69.1	+0.1	8.70
Income	42.9	46.1	.....	10.19

U.K. Funds

Gilt & Fxd. Int. Grth.	50.6	51.2	+0.2	5.05
UK Equity	62.7	67.7	+0.2	4.10

Overseas Funds (z)

Europe	75.9	81.6	−0.8	1.51
Japan	130.6	140.4	+1.2	0.30
S.E. Asia	84.5	90.8	−0.4	0.66
U.S.	113.4	121.9	.....	0.79

Sector Funds

Commodity	125.5	134.9	−1.3	3.38
Energy	124.4	133.7	−1.0	1.78
Exploration Fund (z)	35.3	37.9	−0.2	0.25
Financial Secs.	103.1	111.4	+0.2	2.66
New Technology (z)	46.3	49.7	+0.3	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	60.9	65.1	−0.1	2.27

Exempt Funds

Exempt Income*	195.3	206.2	.....	7.58
Exempt Intl.*	358.1	378.0	.....	0.75

Prices at January 13. Next sub. day January 27.

Scotbits Securities Ltd.

Scotbits	47.9	51.7	.....	3.81
Scotyield	53.7	57.7	+0.2	7.57
Scotshares	81.4	88.0	+0.2	4.72

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	168.8	181.5	−0.6	2.75
(Accum. Units)	221.5	238.1	−0.9	2.75
Income Fund	238.9	256.8	+1.8	7.70
(Accum. Units)	436.9	469.7	+3.4	7.70
Gen.	134.7	145.8	+0.3	4.09
(Accum. Units)	187.9	202.0	+0.5	4.09
Europe	22.8	24.5	−0.2	2.94
(Accum. Units)	27.5	29.5	−0.3	2.94
Smaller Co.'s	156.1	167.8	.....	2.26
American	51.9	55.8	−0.3	0.52
(Accum. Units)	52.0	55.9	−0.3	0.52
Tokyo	56.8	61.0	+0.2	0.36
(Accum. Units)	56.8	61.0	+0.2	0.36
Gilt & Fixed	44.1	46.4	+0.1	12.44
(Accum. Units)	46.4	48.8	+0.1	12.44
Australian	48.3	52.4	−0.4	3.24
(Accum. Units)	48.5	52.7	−0.5	3.24
Singapore & Malay	48.8	52.4	−0.1	1.19
(Accum. Units)	48.8	52.4	−0.1	1.19
*Pn. & C. Fd. Jan 19	246.5	265.0	.....	4.86
*Recovery Jan 19	301.3	323.9	.....	4.27
*Spec. Ex. Jan 19	465.0	499.9	.....	2.04
Euro. Exempt. Jan. 14	112.5	120.9	.....	3.18

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	106.3	114.7	+0.3	5.67

Scottish Equitable Fund Mngrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	63.6	67.7	.....	5.02
Accum. Units	84.0	89.4	.....	5.02

*Dealing day Wednesday.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
107	99¾	Treasury 14pc '82‡‡	99⅞	.....	14.02	14.78
99⅞	98⅞	Treas. Variable '82§§	99⅞	.....	15.07	15.19
97½	93⅞	Treasury 8¼pc '82	97½	+⅛	8.46	14.16
96⅞	93⅞	Exch. 9¼pc 1982	96½	+⅛	9.59	14.80
95⅝	92⅝	Exch. 8¾pc 1983	95¼	+⅛	9.19	14.21
92⅞	84⅞	Exch. 3pc 1983	92¾xd	+⅛	3.25	10.66
99⅞	95	Treasury 12pc 1983‡‡	97⅛	+¼	12.36	14.76
99⅝	96¾	Treas. Variable '83§§	99⅞	.....	15.11	15.32
94⅝	90⅛	Treasury 9½pc '83	94⅝	+⅛	9.78	13.38
101⅞	95¼	Exch. 13½pc '83	98½	+⅛	13.71	14.40
94⅛	89¾	Exch. 10pc 1983	93½	+⅛	10.70	13.99
88¼	83½	Funding 5½pc '82-84‡‡	88¾	.....	6.20	12.84
96¾	90	Exch. 11¼pc 1984	94½xd	+⅛	11.95	14.67
103⅞	95¼	Exchequer 14pc 1984	98⅛	+⅛	14.27	14.95
83⅝	77	Exch. 3pc 1984	83⅝	+⅛	3.59	10.91
98⅝	90½	Treasury 12pc 1984	93⅛	+¼	12.89	15.17
107¼	95⅞	Treasury 15pc 1985	99¼xd	+⅛	15.11	15.37
98⅞	88¼	Exch. 12pc Cnv. '85	91⅛	+¼	13.17	15.63
76½	71	Treasury 3pc 1985	76½	+½	3.92	11.72
96⅞	85¼	Treasury 11½pc 1985	89⅜	+¼	12.87	15.58
98⅞	87⅝	Exch. 12¼pc 1985	90¼	+¼	13.57	15.69
97⅛	84¼	Exch. 11¾pc '86	88¼xd	+¼	13.31	15.79
71¼	65¾	Treasury 3pc 1986	71¼	+¼	4.18	11.46
97⅞	84½	Treasury 12pc '86	88¼	+¼	13.60	15.79
88⅞	78½	Treasury 8½pc '84-86‡‡	82	+⅛	10.37	14.07
95⅞	91⅞	Exch. 14pc 1986	93½	+⅛	14.97	15.98

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
210	58	Coronation 25c	58	......	Q60c	1.9	55.1
650	90	Falcon Rh.50c	90	......	Q25c	10.3	20.7
135	60	Roan Cons. K4	70	......	♦Q0.13	5.0	—
59	25	Wankie Col. Rh.1	28	......	Q3c	1.2	8.0
32	19	Zam.Cpr.SBD0.24	19	......	—	—	—

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets.

OPTIONS

3-month Call Rates

Distillers	16	Plessey	26	Charterhall	6
Dunlop	6½	Racal Elect.	34		
Eagle Star	25	R.H.M.	7	Premier	7
F.N.F.C.	4	Rank Org. Ord.	24	Shell	23
Gen. Accident	30	Reed Intnl.	23		25
Gen. Electric	55	Sears	5	Ultramar	40
Glaxo	[illegible]	Tesco	5		
Grand Met.	[illegible]	Thorn EMI	30	Mines	
G.U.S. 'A'	[illegible]	Trust Houses	[illegible]	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES

Thursday January 21 1982

Rail dispute talks may resume today

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL and the rail unions seem likely to attend resumed talks today with the Advisory, Conciliation and Arbitration Service on the train drivers' pay and productivity dispute.

Even as Acas officials made the informal contacts yesterday, the executive of the Associated Society of Locomotive Engineers and Firemen called another two-day strike for Wednesday and Thursday next week.

All BR services were halted yesterday by the first day of Aslef's second two-day strike. Trains will not run today.

Mr Pat Lowry, Acas chairman, was in touch with all the parties to the dispute by telephone yesterday. Some were prepared for talks to be resumed last night, most favoured a meeting today.

The meeting will examine further the plan being put together for comprehensive arbitration on all aspects of the dispute. The National Union of Railwaymen and the white-collar TSSA seem ready to accept the idea of arbitration, but the Aslef position is less clear.

One senior Aslef official said yesterday that arbitration was a "non-runner," but the union acknowledged in the talks with Acas on Tuesday that it was prepared to go through the industry's procedures to arbitration if necessary.

The sticking point is still the payment of the disputed 3 per cent second stage of last year's two-part 11 per cent pay deal. Those involved in the delicately-poised talks believe BR will have to concede payment of the 3 per cent, if only to a pool, as a sign of good faith while arbitration takes place.

Pressure is being exerted for a quick move to arbitration.

Despite the cautious moves towards a resolution of the dispute, the Aslef executive took only 20 minutes to decide on a further strike next week. It also confirmed a strike this Sunday.

Services on BR's Eastern region are expected to be disrupted tomorrow by another strike — this time by NUR guards at London's Kings Cross station. Action could also be taken at depots including Crewe and Derby and in some Southern Region areas.

Like the Aslef strikes, the NUR guards' action is over the crucial productivity issue of more flexible work rostering. However the NUR executive, unlike Aslef, has accepted the issue in principle. A senior full-time NUR official will today go to Kings Cross to try to defuse the situation.

Industrialists at yesterday's CBI meeting supported the firm line being taken by the BR board. Sir Raymond Pennock, CBI President, warned that further Aslef strikes would cause widespread industrial damage.

James McDonald writes: Better weather and new travel and work patterns led to many more people getting to work yesterday in the Greater London area than on Wednesday last week.

A survey yesterday of more than 50 industrial and commercial companies, conducted by the London Chamber of Commerce, suggested that by lunchtime about 75 per cent of London's workforce had checked in.

M&S to give SDP group £5,000

By John Elliott, Industrial Editor

MARKS AND SPENCER has become the first major company to provide funds to help the development of the Social Democratic Party.

It will donate £5,000 towards the costs of the joint commission on employment and industrial recovery, set up by the SDP-Liberal Alliance to develop policies for the next general election campaign.

M and S is not shifting from its primary support for the Conservative Party. Its directors, led by Lord Sieff, the chairman, are anxious, however, to encourage fresh thought and analysis on the problems of unemployment from a group which does not have deeply-entrenched political attitudes.

The unemployment body, headed by Sir Leslie Murphy, former chairman of the National Enterprise Board, is one of two commissions set up by the Alliance. The other is dealing with electoral reform.

Together they are expected to cost about £20,000, to which the *Rowntree Trust has contributed* £10,000.

A handful of other, smaller companies is also believed to have made donations of up to £5,000 directly to the SDP.

Directors of about 300 companies have been approached by the SDP in the past few months and a considerable number is donations.
believed to have made personal

In recent years M&S has given about £20,000 annually to either the Conservative Party or to the allied organisation, British United Industrialists.

SDP constitution convention, Page 8

Heron Corporation moves closer to making £42.5m bid for ACC

BY JOHN MOORE

TWO CITY of London merchant banks were locked in discussions last night over a possible £42.5m bid by Heron Corporation, one of the UK's largest private businesses, for Associated Communications Corporation, the entertainments empire built up by Lord Grade.

Standard Chartered Merchant Bank, advising ACC during the passage of its £36m takeover by Mr Robert Holmes à Court, the Australian entrepreneur, is providing key financial information about any material changes which may have occurred in ACC's financial position since the publication of the annual report and accounts for the year to March 31 1981.

Standard Chartered is in talks with Barclays Merchant Bank, which is advising Heron.

This follows legal action by Heron against the Independent Broadcasting Authority, ACC and Central Independent Television, in which ACC has a 51 per cent stake. Heron alleges that any transfer of shares to Mr Holmes à Court's business interests would be in violation of the Broadcasting Act 1981 and the articles of association of ACC.

Other legal action has been started against all the directors of ACC including Lord Grade and Mr Holmes à Court.

A temporary injunction has been granted until Friday when the case will be heard. Meanwhile Mr Holmes à Court cannot complete his deal.

The IBA will consider the unusual litigation at its regular fortnightly meeting today.

Heron Corporation has bought a small parcel of ACC's non-voting shares—2,000 at 70p a share.

ACC is also encountering internal dissension. Mr Reg Pycroft—who founded Jetsave, the holiday group in which ACC acquired an 85 per cent stake in 1980 for about £3m—wants to buy his company back.

He said yesterday: "ACC, as a parent company, clearly does not have sufficient interest or resources to contribute anything to Jetsave's development." He told Mr Holmes à Court, the new chairman of ACC, of his plans at 11 am on Tuesday, placed a £1m to £2m offer on the table by 7 pm, and was told yesterday by Mr Holmes à *Court that his offer "has been* rejected."

Mr Pycroft, whose company made profits of about £600,000 in the six months to last December, countered: "I am determined to bring the company out and hope to reach an amicable agreement."

He said ACC's lack of interest had been demonstrated by the fact that no member of the board had visited the business since it was bought and at no time during the recent upheavals had Mr Pycroft been given any information on the company's position.

y Meanwhile other possible bidders for ACC, apart from Heron and Mr Robert Maxwell's publishing interests, appear to be waiting. Several merchant banks in London yesterday were investigating the latest position of ACC and the bid by Mr Holmes a'Court in the light of the recent legal action.

Britain wins coveted gastronomic accolade

By Arthur Sandles

BRITAIN, land of over-boiled sprouts and brown Windsor soup, has at last entered the world of the gastronomic elite—or so says the Guide Michelin. For the first time the UK has a three rosette restaurant—the Gavroche in London's Mayfair.

The Gavroche has been named as Britain's best eating house by the latest issue of the gourmet's bible. "This means that Britain and Ireland (the French classify the two as one) now have a restaurant equal to the best restaurants in Europe," says Michelin.

Brothers

The Gavroche is run by the brothers Roux, Messrs Michel and Albert, whose other establishments include the Poulbot in the City, the Waterside in Bray and a new bistro, Gavvers, in Chelsea. In recent years the Roux brothers have been backing former chefs setting up their own establishments.

The Gavroche moved to Mayfair within the past year. Before then it was in Lower Sloane Street, Chelsea. At its present location, according to Michelin, a careful lunch-eater can have a set meal for £16.50 (without wine, of course). A relatively unambitious wander into the à la carte menu takes the bill up to £53.000 for two, again without a glance at the elegant wine list.

Unperturbed

Three rosette diners are not, however, perturbed by such charges. Such restaurants, the guide warns British readers who may be unaccustomed to such things, offer "superb food, fine wines, faultless service, elegant surroundings . . . One will pay accordingly!" The exclamation mark is Michelin's.

But while Britain was basking under a gastronomic accolade there was another edge to the Michelin sword. The Connaught, long regarded as the heartland of British cooking, has lost a rosette and been reduced to one.

Men and Matters, Page 22

Fewer new graduates find jobs

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MORE THAN 10,000 of last year's graduates are still looking for jobs, according to authorities on graduate employment.

This backlog will make job prospects for next summer's graduates the worst since World War II, officials of the Standing Conference of Employers of Graduates, the Association of Graduate Careers Advisory Services and the Central Services supporting university and polytechnic appoints staff said in London yesterday.

Some universities and polytechnics have still to report their December 31 checks on students who left last year, when the institutions collectively produced about 102,000 bachelor-level and higher-degree graduates.

Estimates of the proportion still seeking work vary between 11 and 20 per cent. The corresponding figure for 1980 graduates was about 8 per cent.

This year about 3 per cent more people will gain degrees, raising the total to about 105,000. But the supply of jobs available to them is likely to fall roughly 10 per cent from the 1981 level.

People with degrees in the arts and social studies will be particularly affected by a levelling-off in demand from major accountancy practices. For several years this has risen at a rate greater than the increase in graduates.

While doctors, dentists and technologists will continue to have the fewest problems, even some engineers will have trouble in finding work directly relevant to their degree.

The officials said students needed to realise that finding an acceptable regular job was liable to take a long time. They should improve their skills at writing applications and being interviewed.

They should apply not only to big organisations with a tradition of engaging graduates but to smaller companies, particularly those in service industries.

Careers staff were unable to give present students their full attention because they were still dealing with the unemployed from 1981. Careers services were also facing reduced budgets in line with the cuts in spending on higher education.

There were nonetheless some signs that the supply of jobs was beginning to rise again, and a recovery in the economy would probably bring a rapid increase in demand for graduates, the officials said.

While prospects for people gaining degrees were poor, they were far better than those for 16-year-old school-leavers.

Editorial Comment, Page 22; Jobs Column, Page 14.

U.S. autoworkers call off pay talks with GM

BY DAVID LASCELLES IN NEW YORK

THE U.S. Autoworkers Union (UAW) yesterday called off its pay talks with General Motors, the leading U.S. car manufacturer, throwing into jeopardy the industry's efforts to cut labour costs and reduce car prices.

The reasons were not immediately clear, but judging by some brief comments by Mr Douglas Fraser, the union's president, General Motors was unwilling to give the job security guarantees that the union is seeking in return for taking wage cuts.

Mr Fraser said he had called off the talks to consult his 300-man bargaining council in Washington on Saturday to decide on the next step. General Motors would say only that any delay in hammering together a wage cut deal would result in more lost car sales.

At the same time, negotiations with Detroit's other major manufacturer, Ford Motor, were put on ice. But they had never reached the advanced stage of the GM talks.

The possibility of a resumption of the GM talks was not ruled out by either side last night. But the break marks a serious setback in what had been seen as an epoch-making attempt by Detroit to tackle the problem of high labour costs and meet cutthroat competition from Japan.

The UAW had put proposals to GM involving reductions in pay and benefits—other than basic—wages on conditions that the company reduced the price of its cars to stimulate sales. GM welcomed the proposals as "historic." But the unions made it clear that its main purpose was to try to stem the massive loss of jobs in the auto industry—not grant concessions to GM.

The autoworkers, whose pay averages a total $20 (£10.60) an hour, had appeared willing to take cuts of about $2.50 (£1.32) which would bring the price of an average car down by about $500 (£265.30), or 5 per cent—GM had said it was looking for cuts of more than twice that size to bring prices down by $1,000-1,200 (£530-635). There was a hint of trouble at the first negotiating session when Mr Fraser said he was "shocked" by the concessions GM was seeking.

Ford never accepted the "penny for penny" principle, and offered the unions instead a profit-sharing arrangement in return for holding down labour costs. Formal negotiations on the proposal, made at the end of last week, had not started.

CIT to control Irish telephone project

BY DAVID WHITE IN PARIS

CIT-ALCATEL, the French telecommunications group, is to have a majority holding in a telephone equipment manufacturing project in the Republic of Ireland, with the Irish company Telectron after adandoning its plan for a joint venture with the company.

CIT-Alcatel said it had backed out of the joint venture when it became clear that American Telephone and Telegraph was taking a 45 per cent stake in *Telectron to establish its first* manufacturing foothold in the European Community.

Telectron and CIT-Alcatel were to have set up a medium-sized plant on a 50:50 basis to make and export telephone switching systems, using French partner's know-how.

The deal was part of an agreement clinched almost two years ago, when the Irish Government chose CIT-Alcatel's E10 digital switching system for its ambitious five-year programme for modernising the country's poor telephone network.

After a fresh series of negotiations, involving AT and T as well as Telectron and the Irish Government, the French company has decided to relaunch the venture on a different basis, taking a 75 per cent stake.

Since the 1980 deal was signed, Telectron technicians have been engaged in installing CIT-Alcatel switching equipment. It is understood that this operation will now pass to the French company and its planned subsidiary, to be called Alcatel Ireland.

The Guinness group is expected to atke part, alongside other Irish interests, as a minority shareholder in the project.

The plant, employing 300 at Bandon, near Cork, is expected to cost about FFr 50m (£4.5m) in the first stage. Other electronic equipment may be made *there at a later date.*

The French company intends to start production, using temporary premises, later this year. Start-up is likely to be about six months behind the original schedule.

CIT-Alcatel with Alcatel Ireland expects to retain half of the telephone exchange orders awarded under the current expansion programme of the Irish Post Office. Its E10 system was chosen alongside the AXE system produced by the Swedish Ericsson group, which already has manufacturing facilities in Ireland.

The first CIT-Alcatel exchange was inaugurated in Ireland this week, part of the initial FFr 400m contract announced in March 1980. It was the first time the French company had sold its digital system to another EEC country.

Compagnie Générale d'Electricité, CIT-Alcatel's parent company, is due to be nationalised by the French Government.

Weather

UK TODAY

Occasional rain, sunny intervals.

London, Central, S.E., N.W. England, Midlands, Channel Islands, N. Wales, S.W. Scotland
Mostly dry, fog patches. Max. 8C (46F).

East Anglia, E. England, Central and N.E. Scotland
Occasional rain, becoming brighter. Max. 7C (45F).

S.W. England, S. Wales
Sunny intervals, scattered showers. Max. 9C (48F).

N.W. Scotland, N. Ireland
Sunny intervals, scattered showers. Max. 7C (45F).

Outlook:
Dry with bright intervals, but showers in north and east. Overnight frost and fog.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	14	57	L. Ang.†	R	13	55
Algiers	C	14	57	Luxmbg.	C	−5	23
Amsdm.	S	7	45	Luxor		—	—
Athens	C	11	52	Madrid	C	9	48
Bahrain	S	17	63	Majorca	S	16	61
Barclna.	S	13	55	Malaga	S	17	63
Beirut		—	—	Malta	C	15	59
Belfast	R	8	46	M'chstr.	C	8	46
Belgrd.	F	−2	28	Melbne.		—	—
Berlin	S	2	36	Mx. C.†		—	—
Biarritz	F	13	55	Miami†	F	20	68
Bmghm.	C	7	45	Milan	Fg	−1	30
Blackpl.	F	8	46	Montrl†	Sn	−18	0
Bordx.	C	12	54	Moscow	C	−6	21
Boulgn.	R	6	43	Munich	Fg	−11	12
Bristol	C	9	48	Nairobi	F	27	81
Brussels	S	7	45	Naples	S	13	55
Budpst.	Sn	−7	19	Nassau		—	—
Cairo	F	19	66	Nwcstl.	C	5	41
Cardiff	C	7	45	N York†	C	−4	25
Cas'b'ca		—	—	Nice	S	14	57
Cape T.		—	—	Nicosia	S	16	61
Chicg.†	C	−6	21	Oporto	C	11	52
Cologne	S	2	36	Oslo	F	−11	12
Cpnhgn.	S	2	36	Paris	S	8	46
Corfu	S	14	57	Perth	C	13	66
Denver†	S	−6	21	Prague	Sn	−9	16
Dublin	R	8	46	Reykjvk.	C	4	39
Dbrvnk.	S	12	54	Rhodes	C	15	59
Ednbgh.	F	6	43	Rio J'o†		—	—
Faro	S	14	57	Rome	C	12	54
Florence	S	9	48	Salzbrg.	Sn	−9	16
Frankft.	C	−2	28	S F'cisc†	F	5	41
Funchal	C	18	64	S. Moritz		—	—
Geneva	Sn	0	32	Singapr.		—	—
Gibraltar	S	14	57	S'tiago†		—	—
Glasgow	C	8	46	Stckhm.	C	−3	27
G'msey	C	9	48	Strsbg.	Fg	−5	23
Helsinki	S	0	32	Sydney		—	—
H. Kong	S	18	64	Tangier		—	—
Innsbrk.	S	1	34	Tel Aviv	S	16	61
Invrnss.	F	8	46	Tenerife	C	19	66
I.o.Man	C	8	46	Tokyo	S	7	45
Istanbul	C	8	46	Toronto†		—	—
Jersey	C	8	46	Tunis	F	15	59
Jo'burg		—	—	Valencia	S	14	57
L. Plms.	C	19	66	Venice	Fg	−1	30
Lisbon	C	9	48	Vienna	F	−8	18
Locarno	S	3	37	Warsaw	C	−4	25
London	C	9	48	Zurich	Fg	−6	21

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

THF with room to spare

After three years of almost unprecedented severity in the tourist trade, Trusthouse Forte has at last lost its grip on the faithful business traveller. Occupancy rates have fallen by around 8 points to 61 per cent in the provincial hotels. below the level of the more tourist-orientated London establishments, and an 8 per cent rise in achieved room revenues has failed to compensate fully for the rise in costs.

Against this depressing background, THF has done well to hold trading profits above £100m in the year to October. Earnings from foreign hotels have held up, despite the loss of the Pierre contract in New York, and the leisure side has benefited from the first time contribution of EMI operations acquired in October, 1980.

Looking further down the revenue account, however, THF leaves the impression of a company living slightly beyond its means. Much higher deprecia*tion and interest charges* have left pre-tax profits 21 per cent lower at £52.3m and the company has been unable to prevent a £10m cash outflow even after the receipt of £84m of rights issue cash.

The balance sheet is still reasonably strong and THF is certainly not envisaging the kind of hotel sales announced yesterday by Grand Metropolitan. But the Savoy episode, which contributed £2m to last year's interest burden, looks an act of extravagance in the light of THF's other capital commitments.

This may sound churlish a year from now if THF achieves the increase in occupancy rates which it is already beginning to sniff. The impact on pre-tax profits would be dramatic, given the company's extremely high level of operational gearing, and the shares—5p lower at 116p yesterday—may not yet have recognised the full potential. The yield is 7.7 per cent.

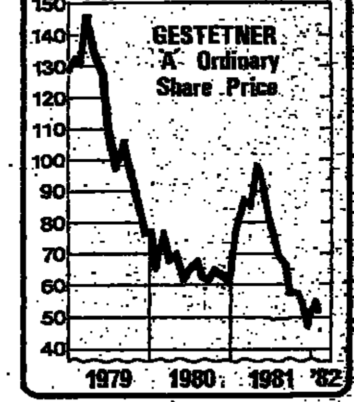
Markets

The Bank of England has lowered interest rates again, which makes three snips in three days with the official nail scissors. An eighth of a point off its bill dealing rates yesterday takes the fall this week to a quarter point, and the discount houses will doubtless be trying to sell paper to the Bank at still lower levels today, when another very large money market shortage is on the cards.

If the Bank's moves are all part of a world conspiracy to bring down the cost of money without upsetting the foreign exchange markets—like the plan that fell flat in the autumn—the Americans certainly do not seem to have been told about it. Federal funds traded over 14 per cent yesterday, yet sterling remains very firm; the markets' obsession with U.S. rates seems to have weakened enough to justify the Bank of *England's gamble.*

Elsewhere, the Bank's letter to banks and building societies about house mortgages looks more important for what it leaves out than for what it contains. The players are simply reminded of the rules governing the second mortgage game—which perhaps suggests the authorities have no intention at present of introducing any new restrictions.

Index fell 0.1 to 545.8



Tate & Lyle

Just three years after its dividend cut Tate and Lyle has taken the first step towards restoration with a penny increase to 11.5p net. That penny has been bought with blood, but the company is much better for its surgery—the higher dividend is even covered 1.7 times by current cost earnings after an unusually high tax charge.

Reported pre-tax profits on the historical cost convention are up from £30.7m to £36.3m, and—as the company is anxious to point out—the earnings mix is much better. Partly, and most importantly, this reflects a much higher return in sugar refining, both in North America and in the UK, where the closure of Liverpool has allowed the group to operate near capacity despite pressure on overall demand for sugar. Together with loss elimination from the Gartons closure and in agribusiness, this is worth £17.8m at the trading level.

On the debit side, the very large profits made in commodity trading in 1979-80, both in sugar and molasses, have come back to a level which, in sugar at least, is rather below par. T & L has been caught out by customer default and seems to *have read the market less than* faultlessly.

With enough improvement here and in UK refining to cancel out the pressures building up in North America, where the low world sugar price threatens the Canadian high fructose corn syrup business and competition in U.S. sugar is hotting up, the group could easily beat £40m in the current year to September.

Net borrowings are little changed at £80m—a third of shareholders' funds and minorities—since the closure costs of Liverpool and heavy tax payments were offset by the final round of ship sales. The group's return to health has brought the shares up 80p from their 1981 low to last night's price of 216p, at which they trade on some 7 times prospective fully-taxed earnings and yield 7.9 per cent. After a further year of consolidation, T and L will be thinking of going on the offensive again, in "deliberate and well-considered moves." The City holds its breath.

Gestetner

The news from Gestetner goes from bad to worse. A very weak first half has been followed by preliminary figures, for the year to October, which show pre-tax profits falling by a half to £8m, after stripping out exceptional costs. These are virtually wiped out by the overseas tax charge and the current cost retained loss totals a hefty £15.9m.

The figures were disappointing enough to leave the shares 4p lower at 55p but, on sales of about £300m, a million either way on profits is virtually immaterial. Fortunately, Gestetner's balance sheet is strong enough to support this kind of performance for the moment. After last year's cash outflow of £8m—due in part to a softening in customer credit terms—net debt represented no more than 28 per cent of shareholders' funds.

The current year should even show the first profits upturn since 1977. Stock levels are under attack, the benefit of redundancies should show through, sterling has been moving the right way and several new products are entering the market. But the basic problem of long term product development is still unresolved. Until Gestetner gives a much clearer idea of where it is heading the shares, which yield 7.6 per cent on a halved dividend, will rest very uneasily on their asset cushion.

Registered at the Post Office. Printed by St. Clement's Press and published by the Financial Times Ltd., Bracken House, Cannon Street